



Trustees' Report & Financial Statements 2008-2009

Scheme Reference No. 10169800

Education

skills

Standards

Excellence

Responsibility

Training

safety

Knowledge



INVESTORS
IN PEOPLE

Preparing for the Future

Profile

The ITB Pension Funds, consisting of the Open and Closed Funds, is set up under a Trust Deed and Rules and administered by a Board of Trustees comprising of Member (including Pensioner) Trustees and Employer Trustees. It is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004. Members are contracted-out of the State Second Pension (S2P).

The assets of the Funds are separate from those of its Participating Employers and in the case of the Open Fund, are invested by independent investment managers who are appointed by the Trustees. The Closed Fund has no Participating Employers paying contributions, and while it is predominantly invested in index-linked gilts, it also employs a number of independent external investment managers appointed by the Trustees.

Employees of the Participating Employers may join the ITB Pension Funds (Open Fund) subject to eligibility conditions. The Open Fund is a 'defined benefit scheme' and provides pension and life assurance benefits based on a member's salary and service. With effect from 1 January 2007, the Open Fund consisted of three separate sections:

- the original section of the Open Fund, known as the 'Old Section'
- the 'New Section', which was introduced on 1 September 2003
- the '2007 Section', which was introduced on 1 January 2007.

Both the 'New' and '2007' Sections are available to those Employers who wish to provide a revised level of benefits and have made the necessary election.

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Chairman's Statement



Background

In recent years longer life expectancy and its impact on pension scheme funding has been the subject of much discussion by those involved with pension schemes. However, overshadowing all else this year has been the effects of the collapse in financial markets in late 2008. Pension schemes have inevitably been affected by all this turmoil, not simply because of the volatility in investment markets but also because of the fall in interest rates. This has impacted the ITB Funds, which although it has performed far better than many other pension schemes has still nonetheless seen a significant reduction in the market value of its investments.

Then again stock market securities and property for that matter are historically subject to volatile conditions in times of uncertainty. It is part of the overall experience that a defined benefit scheme has to contend with in funding what is, by its very nature, a long term commitment not driven by short term fluctuations in markets. Therefore, as long as the sponsoring Employers are there to provide effective support, the ITB Funds would expect to 'ride out' the current market conditions as it has in the past.

Longevity

Greater longevity; the fact that people are generally living longer after retirement adversely affects pension scheme funding, because the longer people live the longer they draw a pension and the greater the cost to the pension scheme. The Pension Regulator, who supervises the pension industry, has noted that evidence points to more rapid future improvements in mortality and that scheme trustees and

employers who administer pension schemes should be more prudent in their longevity assumptions. Your Trustees, together with the Scheme Actuary, already operate a policy of regularly monitoring and assessing how improvements in life expectancy may influence the funding requirements of the ITB Schemes.

...overshadowing all else this year has been the effects of the collapse in financial markets in late 2008. Pension schemes have inevitably been affected by all this turmoil, not simply because of the volatility in investment markets but also because of the fall in interest rates.

Employer Solvency

The Trustees are expected to monitor the financial strength of sponsoring Employers and to consider their ability to financially support the Scheme. This is important because it is the Employers who meet the balance of the cost of providing the Scheme's benefits over and above the contributions paid by members and investment

returns. The appraisals are regularly performed by the Trustees' specialist advisers to ensure that your Trustees remain aware of any relevant Employer related issues and that they comply with guidance issued by the Regulator.

PIETT

The same elements were very much present in the process of your Trustees maintaining ongoing checks on the trading structure and financial position of one of the smaller Participating Employer's in the Scheme, Polymer Industry Education and Training Trust Limited, (PIETT). Following the sale of its training subsidiary and the transfer of most of its staff to a new owner, your Trustees concluded it would be appropriate to terminate PIETT's participation in the Scheme and recover as much as possible of the company's debt to the Open Fund. This action was taken following advice from our specialist advisers and after obtaining agreement from the Scheme's other sponsoring Employers.

Open Fund – forward looking statements

The interim annual assessment of the Open Fund as at 31 March 2009 is currently underway and the results are due out later this year. The overall purpose is to give an indication of whether the Scheme's financial position is in line with the actuarial assumptions used in its last formal actuarial valuation. These regular 'health checks' alert the Trustees and Employers to any aspects which may affect the long term funding of Scheme liabilities. The funding approach for the Open Fund is different to that of the Closed Fund because the Open Fund has active members with salary related liabilities and has more exposure to equity markets. Since the annual assessments coincide with the Funds' year end on 31 March 2009 the results of the latest assessment will, in line with legislation, take into account the market value of the Open Fund's assets and value the liabilities using rates of return derived from market conditions on that date. Even though the use of market related values can lead to year-on-year volatility in valuation results these annual checks on Scheme health help give us insight on the current funding level of the Scheme.

It will come as little surprise to anybody that the Open Fund, like other pension schemes, has experienced particularly difficult investment conditions over the past year due to the effects of the global financial turbulence on nearly all asset classes. This is reflected in the significant fall in the value of Scheme assets as at 31 March 2009. The decline comes on top of the Scheme's less than expected investment returns in recent years because of the investment conditions that prevailed. Against the current backdrop it is expected that the Open Fund will have a deficit on an ongoing basis at the next formal triennial valuation which is due as at 31 March 2010.

It is therefore evident that the Open Fund no longer enjoys the surplus position it once did.

Furthermore, since the previous formal valuation in 2007 and in light of the changed economic circumstances and reduction in the ongoing funding levels of the Open Fund, the Trustees and sponsoring Employers have approved changes to the Scheme Rules. Primarily this concerned a previous agreement made in 1998 over the way in which Scheme surpluses and deficits are dealt with. Part of that agreement was that contribution rates of Members of the then sponsoring Employers would be subsidised by 1% out of previous Scheme surpluses built up in the 1980's and '90's. However, after taking account of advice from the Scheme Actuary this 1% subsidy will be stopped with effect from 1 April 2010. In addition the level of contributions paid by the sponsoring Employers will also be reviewed at that time and are expected to increase. A summary of the Scheme funding position as at 31 March 2008 is embodied in an annually updated Scheme Funding Statement which is shown on pages 30 - 32 of this Report.

Closed Fund valuation

The formal triennial actuarial valuation of the Closed Fund as at 31 March 2009 is in the advanced stages of completion and the results are expected to be available in the Autumn. As required by legislation, the assumptions and method to be used for a valuation will be set by your Trustees with advice from the Actuary and then incorporated into a Statement of Funding Principles for the consideration of Participating Employers.

The Closed Fund is largely invested in index linked securities intended to match its pension and deferred pension liabilities. Whilst the Closed Fund may not be so greatly affected by the changes in equity markets it too is also subject to the greater costs of pension provision resulting from increasing longevity, a trend which is expected to continue. The Scheme Actuary will take these factors into account when carrying out the Valuation. However, even

though investment returns are anticipated to reduce, the Fund is still expected to be in a sound condition.

Statement of Investment Principles

The Trustees' Statement of Investment Principles (SIPs) sets out the policy for the type of investments to be held by the Open and Closed Funds, the balance between different asset classes and the expected investment returns. These clearly defined investment parameters are regularly reviewed by your Trustees after consultation with their investment advisers and as required, the sponsoring Employers are consulted before any significant changes are made and any new investment strategy implemented.

The current SIPs can be found on the ITB Pension Funds' website at www.itb-online.co.uk.

Communication

Your Trustees believe that good communication is key and your Trustees together with the Funds' Office are proactive about communicating with Members and Employers. The internet readily lends itself to the Funds' comprehensive facilities that include pension modelling tools to enable members and pensioners to gain access to details of their pension benefits easily on-line. General information about the Funds can be accessed on www.itb-online.co.uk and the address for pension modelling is www.myitb.com.

Trustees

In all that we have had to contend with in this most challenging of years I have been amply supported by my two Deputy Chairmen and all of my fellow Trustees who bring their own independent judgement to the major matters affecting the Funds. Integrity is central to these individuals, who between them have the wide ranging business experience that allows for

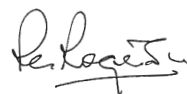
informed and broadly based debate. I give them all my wholehearted thanks for their assistance and for their attention to making sound decisions in the long term interests of Scheme members.

Funds' Office

Last but not least, in the Funds' Office we are supported by a team of committed professional people who assist your Trustees in completing the Funds' business. I am confident that this exceptionally high level of commitment and dedication will continue to play a critical role in the year ahead. On behalf of my fellow Trustees I would like to express appreciation for the work of the Funds' Director Vincent Gordon and all of his team in Watford.

Preview of 2009/10

As we look forward to this new financial year we anticipate that we shall need to deal with a further array of challenges. Overall though it will remain your Trustees' high level objective to ensure that the Funds are well positioned for the future. Inevitably, that will mean steering the Funds through what is expected to be an evolving pensions landscape that will require our sponsoring Employers continuing commitment to supporting the Funds.

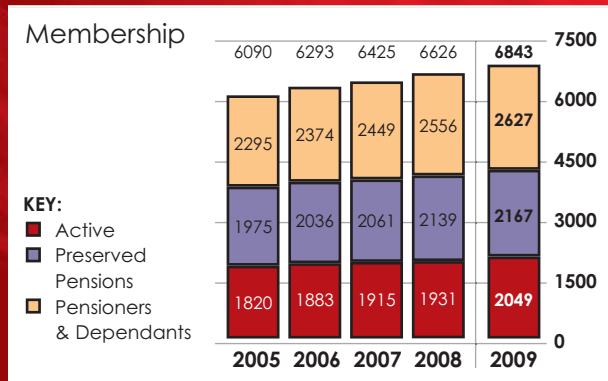


Peter Rogerson OBE

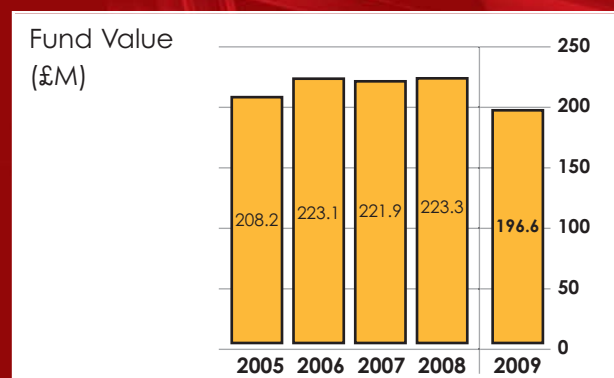
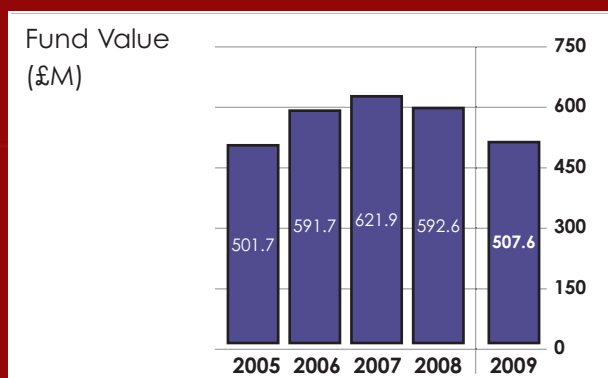
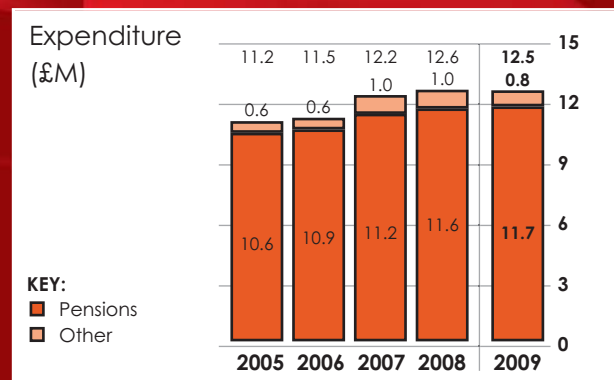
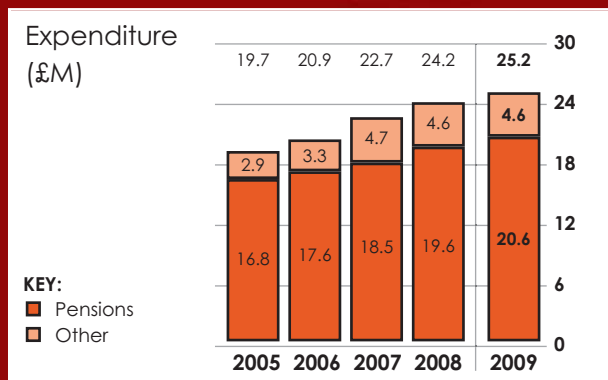
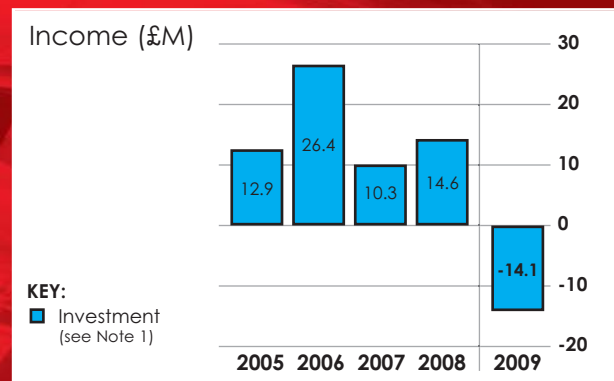
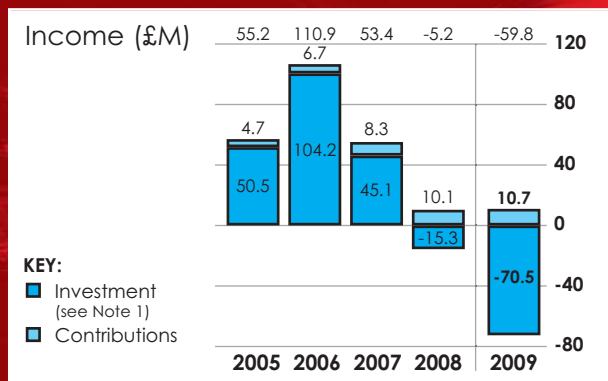
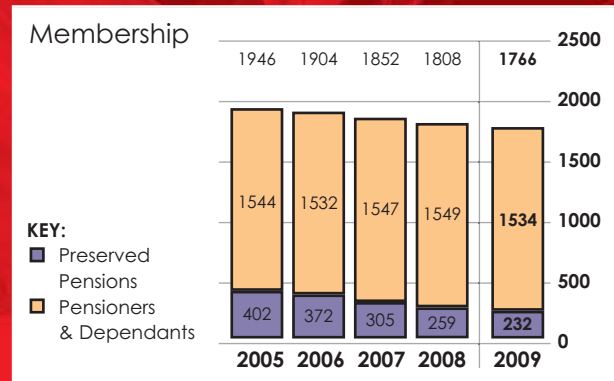
Chairman of Trustees - 3 July 2009

Five Year Summary

Open Fund



Closed Fund



Note 1 - please refer to the Fund Accounts on page 50 and Note 11 on page 58 to see a breakdown of both the 2008 and 2009 losses which have been caused, to a significant extent, by a negative movement in the provision for unrealised gains.

Board of Trustees




Employers' Trustees




**Peter Rogerson, OBE
(Chairman)**
Nominated by:
ConstructionSkills*
(Deputy Chairman of CITB-ConstructionSkills)





**Jonathan Swift
(Deputy Chairman)**
Nominated by:
Lantra
(Deputy Chairman of Lantra)




Bob Monks
Nominated by:
Skills for Logistics
CAPITB plc
Skillfast-UK Ltd
(General Secretary of the United Road Transport Union)



Denis Hird
Nominated by:
JTL
Scottish Electrical Charitable
Training Trust (SECTT)
(Chief Executive of JTL)



Tony Pringle
Nominated by:
Cogent SSC Limited
(Skills Director for Polymer Industries)



D'Arcy Payne
Nominated by:
Science, Engineering
and Manufacturing
Technologies Alliance
*(Vice President of Science, Engineering and
Manufacturing Technologies Alliance)*



Jacki Day
Nominated by:
OPITO Limited
(Finance Director for OPITO Limited)



Simon Tarr
Nominated by:
People 1st
(Finance Director for People 1st)



Terry Lazenby, MBE
Nominated by:
Engineering Construction ITB
(Chairman of ECITB)



*ConstructionSkills is the trading name of Construction ITB

Members' Trustees



Ken Potter
(Deputy Chairman)

Nominated by:
JTL
Scottish Electrical Charitable
Training Trust (SECTT)
(Finance Director for JTL)



Lindsay Campbell

Nominated by:
People 1st
*(Operations Director – National Skills
Academy for Hospitality)*



Chris Hall

Nominated by:
CAPITB plc, Skillfast-UK Ltd
Skills for Logistics, Cogent SSC
Limited, OPITO Limited
*(Finance & Administration Director for Skills
for Logistics)*



John Edwards

Nominated by the
Trade Union 'Unite' for:
Engineering Construction ITB
*(Regional Account Manager -
Offsite for ECITB)*



Peter McCulloch

Nominated by the Trade
Union 'Unite' for:
ConstructionSkills*
*(Company Development Adviser for
ConstructionSkills)*



Pensioners' Trustees



Madge Moore

Nominated by:
Lantra
(National Director - England for Lantra)



David Barnett

Nominated by:
Open Fund Pensioners
Previously Road Transport ITB
*(Retired – Formerly Director General of
RTTB)*



Tim Mahoney

Nominated by the Trade
Union 'Unite' for:
Science, Engineering and
Manufacturing Technologies Alliance
*(Regional Sector Lead for Science, Engineering
and Manufacturing Technologies Alliance)*



Horace Parker

Nominated by:
Closed Fund Pensioners
Previously Printing and
Publishing ITB
*(Retired – Formerly Advisory Services
Manager for PPIITB)*



Trusteeship

Appointment of Trustees

The ITB Pension Funds are controlled by 18 Trustees consisting of nine Employers', seven Members' and two Pensioners' Trustees. Details of the Trustees in office at the year-end are shown on pages 8 - 9 of this Report.

Of the nine Trustees nominated by Employers, the two Statutory Training Bodies each nominate one Trustee. Of the remaining Employers, the six with the largest number of contributing members at 31 December each year have a right to nominate an Employer Trustee for the year commencing on the following 1 April. Where an Employer has one or more wholly-owned subsidiaries, those subsidiaries have no right to nominate Trustees, but the members in their employ are added to the Principal Employer's members for qualification purposes.

The remaining Employers may secure representation in one of two ways. The Successor Bodies to a previous Training Board may join together for the purpose of Trustee nomination and, if necessary, tally their combined membership for the purpose of qualification. Otherwise the remaining Employers concerned will co-operate in nominating a Joint Employers' Trustee, as is currently the case.

Contributing members employed by each of the six Employers with the largest number of members are entitled to nominate one Trustee each by ballot. The exception to this is where an Employer recognises a Trade Union for the purpose of negotiating terms and conditions of service; the Trade Union concerned then nominates the Trustee.

The members of all remaining Employers elect one further Joint Members' Trustee by ballot. Pensioners and members with preserved pensions who are in the Closed Fund nominate a Trustee by ballot. Similarly, such members in the Open Fund also nominate a Trustee by ballot.

A Trustee may resign as a Trustee at any time and will automatically vacate office if he or she ceases to fulfil the eligibility qualifications. In

addition, a Trustee will immediately vacate office upon becoming bankrupt or of unsound mind. The Trustees have power by resolution of deciding upon a Trustee's appointment if, in their opinion, the individual concerned has been guilty of misconduct, or is otherwise unfit or unable to carry out his or her duties.

During the year Rule changes were approved by the required number of Employers to replace a Clause in the Rules that restricted the number of members to two who could also be Employer Trustees. Instead, Employers are now allowed to nominate Employer Trustees without regard to whether the individual nominated was a member or not.

Changes to the Trustees

Member Trustees

Ken Potter, the Member Trustee for JTL and SECTT, retired by rotation on 31 December 2008 and was reappointed to serve a further term from 1 January 2009.

Peter McCulloch, the Member Trustee for ConstructionSkills, retired by rotation on 31 December 2008 and was reappointed to serve a further term from 1 January 2009.

Madge Moore, the Member Trustee for Lantra, retired by rotation on 31 March 2009 and was reappointed to serve a further term from 1 April 2009.

Lindsay Campbell was appointed as Member Trustee for People 1st on 1 April 2009, as People 1st had become one of the larger Employers for the purposes of Trustee nomination.

Peter Crowther, the Member Trustee for OPITO, retired from office on 31 January 2009. With effect from 1 April 2009 OPITO came under the office of the Joint Members' Trustee, Chris Hall of S4L, as OPITO became one of the smaller Employers for the purpose of appointing a Member Trustee.

Pensioner Trustees

The periods of office of the two Pensioner Trustees came to an end on 30 September 2008. Following a ballot of pensioners and deferred

members, David Barnett (Open Fund) formerly of Road Transport ITB, and Horace Parker (Closed Fund) formerly of Printing and Publishing ITB, were both duly re-appointed as Pensioner Trustees. Their appointments took effect from 1 October 2008.

Employer Trustees

D'Arcy Payne, the Employer Trustee for SEMTA, retired by rotation on 30 June 2008 and was reappointed to serve a further term from 1 July 2008.

Simon Tarr, the Employer Trustee for People 1st, retired by rotation on 6 October 2008 and was reappointed to serve a further term from 7 October 2008.

Denis Hird, the Employer Trustee for JTL, retired by rotation on 6 October 2008 and was reappointed to serve a further term from 7 October 2008.

Tony Pringle was appointed as Employer Trustee for Cogent SSC and OPITO on 10 October 2008. He succeeded Clare Fisher-Smith who was required to vacate office when she left the service of her Employer, Cogent SSC Limited.

Subsequently, as they had become one of the larger Employers in their own right for the purpose of nominating an Employer Trustee, OPITO decided they would decouple their membership from that of Cogent SSC and instead nominate their own Employer Trustee.

Jacki Day was then appointed as Employer Trustee on 1 April 2009, following her nomination by OPITO.

Neil Davis, the Employer Trustee for ECITB, retired by rotation on 31 March 2009 (Succeeded by Terry Lazenby (MBE) who was appointed on 3 July 2009).

Bob Monks vacated the office of Employer Trustee for S4L on 31 March 2009, as his nominating Employer became one of the smaller Employers for the purpose of nominating an Employer Trustee.

Bob Monks was subsequently appointed as Joint Employers' Trustee on 1 April 2009, after being nominated by the following current smaller Employers; S4L, CAPITB and Skillfast-UK.

Chairman

The period of office of the Chairman, Peter Rogerson (OBE), came to an end on 31 March 2009. He was re-appointed to serve for a second three year term as Chairman from 1 April 2009, having stood unopposed in a ballot of Employers' Trustees.

Deputy Chairmen

The period of office of Jonathan Swift as Deputy Chairman (Employers) is due to end on 31 March 2010.

The period of office of Ken Potter as Deputy Chairman (Members), came to an end on 31 December 2008. He was re-appointed to serve for a further three year term as Deputy Chairman (Members) from 1 January 2009, having stood unopposed in a ballot of Members' Trustees.

Trustee Training, Induction and Governance

All new Trustees undertake an induction programme shortly after becoming a Trustee. The aim of this programme is to introduce new Trustees to the Funds' business, its operations and its governance arrangements. The induction programme includes meetings with the Director and Senior Managers at the Funds' Office in Watford. Upon appointment, new Trustees are issued with personal copies of all of the Funds' key documentation. Also, special arrangements are made for new Trustees to attend training courses arranged by outside providers. In addition, all Trustees regularly undergo a process to identify their training needs. Based on this assessment, relevant training courses are then organised throughout the year, and at least one annual training seminar for all Trustees is organised.

The Funds' Office also maintains a Trustees' 'Register of Interests'. The content of this Register has been updated during the past year to take account of the recent guidance issued by the Pensions Regulator, where 'conflicts of interest' are identified as a priority area for Trustees in their governance of pension schemes.

The Trustees are committed to maintaining high standards of governance. The Board recognises

that they as Trustees of the ITB Pension Funds are expected to act to the highest standards of responsibility at all times. There are in place a set of governance structures and practices designed to ensure that the Funds are run responsibly in the best interests of all of the Funds' stakeholders.

Meetings

A meeting of all the Trustees is normally held at least four times a year where they are presented with detailed information by the Director, the Funds' legal and actuarial advisers and by the authorised sub-committees – the Investment Committee, the Management Panel and the Salaries Committee – serving the Trustees. On these occasions, matters of significance such as those concerning legal, actuarial, investment and administration are discussed and decisions made.

All of the Trustees are aware of the importance of their attendance at meetings.

There was overall 89% attendance at the Trustees' Board meetings.

Committees

The Investment Committee, the Management Panel and the Salaries Committee are formally set up by resolution in accordance with the Rules and have carefully defined remits.

Where Members of the various Committees are unable to attend any meeting then agenda matters are addressed with them either in writing or by telephone, both prior to and after the meeting. Where possible any Committee Member who is not able to attend a meeting in person will take part in the meeting by way of a conference telephone call.

Investment Committee

The Investment Committee's remit covers the financial and investment aspects of the Funds. They are assisted as appropriate in these roles by the Trustees' investment and other professional advisers.

The Investment Committee has at least five scheduled meetings during the year plus a number of other supplementary meetings as necessary. During the Scheme year to

31 March 2009 the Investment Committee comprised five Trustees.

The members were:

Mr PG Rogerson OBE	Chairman
Mr JF Swift	Deputy Chairman (Employers)
Mr KJF Potter	Deputy Chairman (Members)
Mr DC Barnett;	Trustees
Mr SCV Tarr	

There was overall 96% attendance at the Investment Committee meetings.

Management Panel

The Management Panel is a committee established by the Trustees to carry out research and investigation into pension matters not dealt with by the Investment Committee, making appropriate recommendations where necessary. They are assisted as appropriate in these roles by the Trustees' professional advisers. The Management Panel meets as and when necessary.

During the year to 31 March 2009 the Management Panel comprised three Trustees. The members were:

Mr PG Rogerson OBE	Chairman
Mr JF Swift	Deputy Chairman (Employers)
Mr KJF Potter	Deputy Chairman (Members)

There was overall 100% attendance at the Management Panel meetings.

Salaries Committee

The Salaries Committee was established by the Trustees to deal with Human Resource issues affecting staff employed by the ITB Pension Funds on behalf of the Trustees. The Salaries Committee meets as and when required.

During the year to 31 March 2009 the members of the Committee were:

Mr PG Rogerson OBE	Chairman
Mr JF Swift	Deputy Chairman

There was overall 100% attendance at the Salaries Committee meetings.

Officers and Advisers

Officers

Director
Accountant
Communications & Benefits Manager

Vincent Gordon FPMI
Dave Faulkner FCA
Dennis Matthews APMI

Advisers

Actuary

Government Actuary
(Trevor Ilanwarne succeeded Chris Daykin as the Government Actuary, taking up his appointment in the Spring of 2008)

Solicitors

Mayer Brown International LLP

Investment Managers

AXA Rosenberg Investment Management Limited
Barclays Capital (*terminated June 2008*)
Barclays Global Investors Limited
BNP Paribas
BNY Mellon Asset Management
Fidelity Pensions Management Limited (*until April 2008*)
Henderson Global Investors Limited
Insight Investment
Investec Asset Management
Longview Partners LP
Santander (*lapsed December 2008*)
Schroder Investment Management (UK) Limited
Wegelin & Co

Property Investment Managers

Fletcher King

Investment Advisers

BNY Mellon Asset Servicing
Lane Clark & Peacock LLP

Custodians

Barclays Global Investors Limited
JP Morgan Chase Bank
Universal Pension Trustees Limited

Auditors

Chantrey Vellacott DFK LLP



Pictured left to right:

Vincent Gordon
Dave Faulkner
Dennis Matthews

Participating Employers

The Participating Employers comprise two Statutory Training Boards and ten Companies, which are in the main commercial enterprises and, along with their wholly-owned subsidiaries, are the Successor Bodies that have replaced former Statutory Training Boards.

During the year the following changes occurred:

Cogent SSC Ltd changed the name of its participating Subsidiary Successor Body, Skills Assurance Services, to Cogent (Telford) Ltd on 21 July 2008.

People 1st formed a new and wholly owned subsidiary, the National Skills Academy for Hospitality (NSAH) and applied for NSAH to become a Subsidiary Successor Body participating in the ITB Pension Funds. After conducting due diligence the Trustees approved the application and NSAH became a participating Subsidiary Successor Body on 1 October 2008.

Polymer Industry Education and Training Trust Limited (PIETT) participation in the Scheme terminated on 30 September 2008. More details on the circumstances of this withdrawal can be found within the 'Review of Principal Activities' on pages 15 - 18.

CAPITB dissolved its subsidiary Global Resource Management Limited on 31 March 2009.

The Participating Employers at the Scheme year-end, each of which must be a Statutory Training Board or a Successor Body to a Training Board, are shown opposite:

CAPITB plc

Subsidiary:
RTITB Limited

Cogent SSC Limited

Subsidiary:
Cogent (Telford) Ltd

ConstructionSkills*

Engineering Construction ITB

JTL

Lantra

OPITO Limited

People 1st

Subsidiary:
National Skills Academy for Hospitality (NSAH)

Science, Engineering and Manufacturing Technologies Alliance

Subsidiaries:
EMTA Awards Limited
Metals Industry Skills and Performance Limited (MetSkill)
Training Publications Limited
National Skills Academy for Manufacturing Limited (NSAM)

Scottish Electrical Charitable Training Trust

Skillfast-UK Limited

Skills for Logistics

**ConstructionSkills is the trading name of Construction ITB*

Review of Principal Activities

Described below are the most significant developments and initiatives that have influenced the activities of the ITB Pension Funds over the past year.

Employer Covenant

As required under the Pensions Act 2004 and with guidance issued by the Pensions Regulator, who supervises the pensions industry, the Trustees continued their regular assessments of the Employers' covenants. The Regulator has said that understanding the Employer covenant is essential to scheme trustees, particularly in the context of a pension scheme's liabilities and how any shortfall of necessary funding is to be addressed.

This key responsibility to keep an eye on sponsoring Employers' financial positions and prospects is a necessary duty which enables the Trustees to form a judgment of the Employers' ability to continue to support the Scheme, as the contributions from Employers play a very important role in scheme solvency.

Monitoring Employers' covenants can often prove to be a very complex business. The Trustees therefore enlist specialist professional advisers to conduct the regular official review process

The Regulator's stance on defined benefit pension schemes like the ITB Pension Funds, where members' pensions are based on end of career salary and length of Pensionable Service, is that they are long term undertakings and challenges posed by economic and market conditions should be seen in this context. Furthermore, that trustees should be pragmatic when considering Employer covenants and recognise that the best outcome for the pension scheme and employer is a viable sponsoring employer that will continue to support the scheme.

The Regulator has said that understanding the Employer covenant is essential to scheme trustees, particularly in the context of a pension scheme's liabilities and how any shortfall of necessary funding is to be addressed.

The ITB Pension Funds' sponsoring Employers are aware of their commitments to the Scheme and none of the present Employers participating in the Scheme has failed to meet their contribution obligations.

PIETT

The ITB Pension Funds were notified by Polymer Industry Education and Training Trust Limited (PIETT), that it had sold its subsidiary Polymer Training Ltd (PTL) to a third party in November 2007 and that the majority of PIETT employees who were pension scheme members had been transferred to PTL.

It was a concern with PIETT's future and its ability to fulfil its obligations that caused the ITB Trustees

to spend much time, effort and resources seeking to find an outcome that reflected their responsibilities to the Scheme's members and other Participating Employers. At the end of this process the Trustees, with the support of the Participating Employers, decided that terminating PIETT's participation (effective

30 September 2008) was in the best interests of the other Participating Employers and very importantly, the approximately 6,600 active, deferred and pensioner members of the ITB Open Fund. The Trustees are currently engaged in the process of recovering as much as possible of the debt due from PIETT, following its termination of participation in the ITB Funds.

As is normal practice, the PIETT employees concerned have been entitled to refunds or been granted deferred pensions in the ITB Pension Funds.

Investment

The investment policy is based on a diversification strategy intended to enable the Funds to grow consistently in a favourable economic climate and hold up well when times are tough. Essentially that any variation in

investment performance is offset by spreading risk and balancing investment exposure.

However, the widespread and comprehensive nature of the decline in the value of various asset classes has meant that, although it performed better than many other similar occupational pension schemes, the ITB Funds have seen a significant reduction in overall value.

Much operational effort continues to be put in to closely monitoring the performance of the investment managers, to review their progress against the targets set for them and seriously question the performance of any underperforming manager.

The Trustees also discuss the guidelines within which the managers must operate to ensure they follow agreed objectives.

The Statement of Investment Principles (SIPs) sets out the policy for the type of investments to be held and the balance between different types of investments. The SIPs are regularly reviewed. The full versions of SIPs can be viewed by accessing the ITB website on www.itb-online.co.uk, or obtained by requesting a copy from the Funds' Office.

Legislation and Regulatory Guidance

The Government enacted the Transfer Values Amendment Regulations 2008. These applied to cash equivalent transfer values (CETV) statements issued on or after 1 October 2008.

CETV factors are used to calculate the amount of the cash lump sum to be paid to another pension arrangement in lieu of a preserved pension when a member leaves the pension scheme and also for divorce settlements. The factors depend on various assumptions, in particular the assumed real rate of investment return on Scheme assets and the increasing trend for people to have a longer life expectancy, which reflects in the increasing cost of pension provision.

In light of the results of the 2007 actuarial valuation of the Open Fund and the new legislation governing the calculation of CETVs, the Trustees adopted the Actuary's recommendation that the central basis for calculating CETV's should be changed to be consistent with the latest Statement of Funding Principles. This scheme-specific approach in calculating CETVs for salary-related benefits is based on the anticipated cost to the

scheme if the member had remained in the scheme rather than transferred out.

The current Closed Fund CETV basis was last reviewed in 2006 and takes into account the financial and mortality assumptions adopted for the 2006 valuation. A further

review of the Closed Fund's CETV basis will take place following the 2009 actuarial valuation.

Trustees are able to reduce transfer values if the scheme is under-funded against a transfer value test, provided a valid "insufficiency report" is in place. Currently no reductions apply to transfer values paid out of the ITB Pension Funds.

Internal Controls

The Funds' Office works to a system of internal controls to mitigate perceived risks to the Funds' operation. Regular reviews are undertaken to assess the ongoing effectiveness of the Funds' risk control framework. The range of risks faced by the Funds include less than anticipated investment returns; decline in sponsoring Employer strength; business interruption due to disaster; fraud etc.

The Funds' Office has a clearly defined organisational structure within which individual responsibilities are identified, monitored and evaluated. Management and staff follow well understood procedures and are required to comply with them. The organisation's training approach centres on risk awareness and is sympathetic to the Funds' business requirements. The Funds' Office has 'Investors in People' accreditation.

The investment policy is based on a diversification strategy intended to enable the Funds to grow consistently in a favourable economic climate and hold up well when times are tough.

The Funds' risk and control framework is formally assessed and commented upon by the Trustees' external auditors and officially considered by the Trustees' Management Panel before being considered and adopted by the Trustee Board, which is responsible for the risk management strategy.

Actuarial Valuations

Preparatory work has commenced on the triennial valuation of the Closed Fund to be carried out as at 31 March 2009. The initial valuation results are expected to be available in the second half of the Scheme year and once the process is finalised, a summary will be published for information of Closed Fund pensioners and deferred members in the New Year.

The Trustees' high level objectives remain unchanged from the previous 2007 formal valuation of the Closed Fund, in particular that the degree of prudence in the valuation will not be reduced. Furthermore, a major priority is to minimise the risk of a future deficit which would have serious implications for the future stability of the Fund.

The Trustees are also required to commission a formal actuarial valuation of the Open Fund every three years. These valuations determine the contribution rates for the Open Fund's sponsoring Employers. The next formal valuation of the Open Fund will be undertaken as at 31 March 2010. This is a fairly major analytical exercise and it is expected that the initial results will be available towards the end of 2010.

In addition, the Trustees also commission annual interim actuarial assessments as a 'health check' on the funding position of the Open Fund between each formal valuation. These interim valuation reports on the actuarial position of the Fund are useful as they allow the Trustees, along with the Scheme Actuary, to assess the Scheme's funding level and make

judgements about the likely future contribution rates in advance of the next formal actuarial valuation.

The latest annual assessment as at 31 March 2009 is now underway and the results are due out later this year. It is anticipated that the results will show how the prevailing economic conditions have impacted Scheme's funding level, with a further decrease in the Scheme's funding position expected. More about this is given in the Chairman's Statement.

New and 2007 Sections of the Scheme

The question of affordability of final salary schemes is high on the agenda of many employers given the economic downturn. In response to these questions a number of Employers in the ITB Pension Funds have elected to move to the 'New' and '2007' Sections of the Open Fund. Whilst still providing salary related pension provision these options are less expensive than the alternative Old Section of the Scheme. By taking such measures Employers are deciding that they are better placed to ensure that the Open Fund's long term viability is maintained during a period that is generally acknowledged to be challenging for salary-linked schemes.

Open Fund Rules

Appendix 2 of the Rules (originally known as the Framework Agreement) sets out how any surplus or deficit that may arise from a formal actuarial valuation of the Scheme is to be dealt with and how such amounts are to be allocated within the Scheme to individual Employers (also if there is a substantial surplus how a share of this would be allocated to the Trustees for the benefit of members).

Appendix 2 of the Rules fell due for review following the valuation as at 31 March 2007. Consequently, in the discussions that followed the Trustees reached agreement with all of the

In addition the Trustees also commission annual interim actuarial assessments as a 'health check' on the funding position of the Open Fund between each formal valuation.

Employers that Appendix 2 should be modified in light of the economic environment and the new legislation concerning scheme solvency.

A major change following the review of Appendix 2 is that an Employer will not be able to utilise any excess funding it has in the Scheme unless it is adjudged as being fully funded on a buy-out basis.

Web

Good administration is vital to any pension scheme and the development of web based information and pension modelling facilities has made it easier for members and employers to gain convenient and easy access to many varied sources of information about the Funds.

The Funds' Office has a policy of continuously reviewing the ITB Pension Funds' websites to ensure that they are fully functional, relevant and up-to-date.

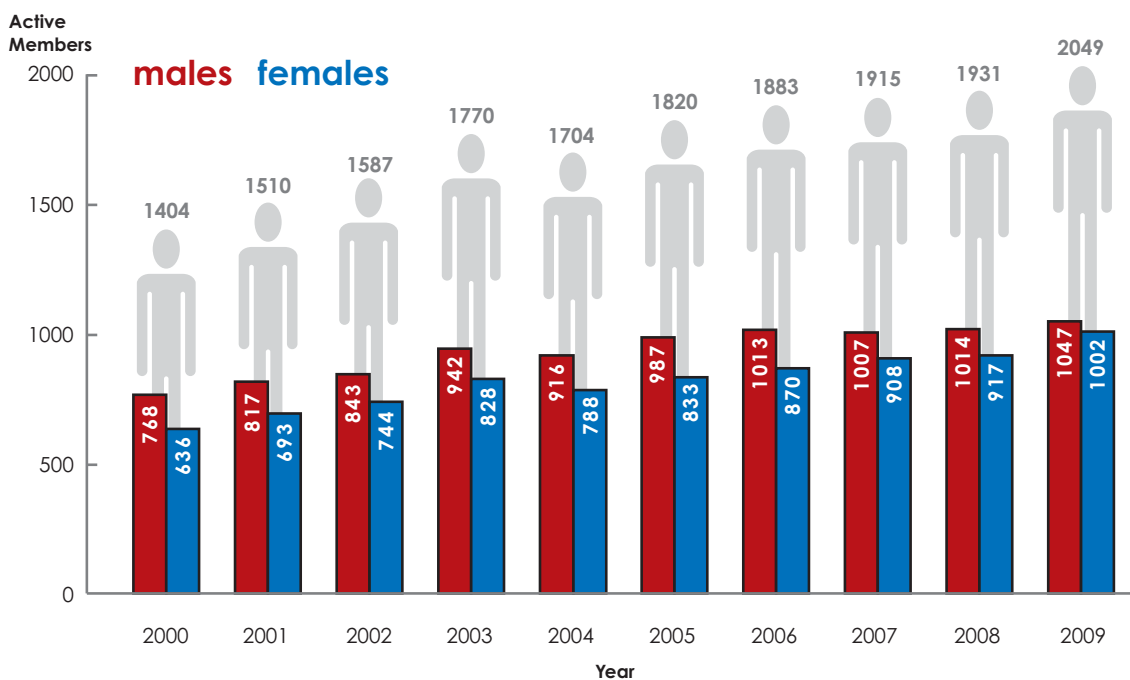
With comprehensive on-line access the ITB Pension Funds' websites **www.itb-online.co.uk** provides general information and documentation on the Funds while the MyITB website **www.myitb.com** with its high level of security, provides pension modelling facilities for active and deferred members. The MyITB website also provides pensioners with on-line tools to calculate the current value of their spouse's contingent benefit, as well as being able to view, print and amend other relevant documentation.

Membership

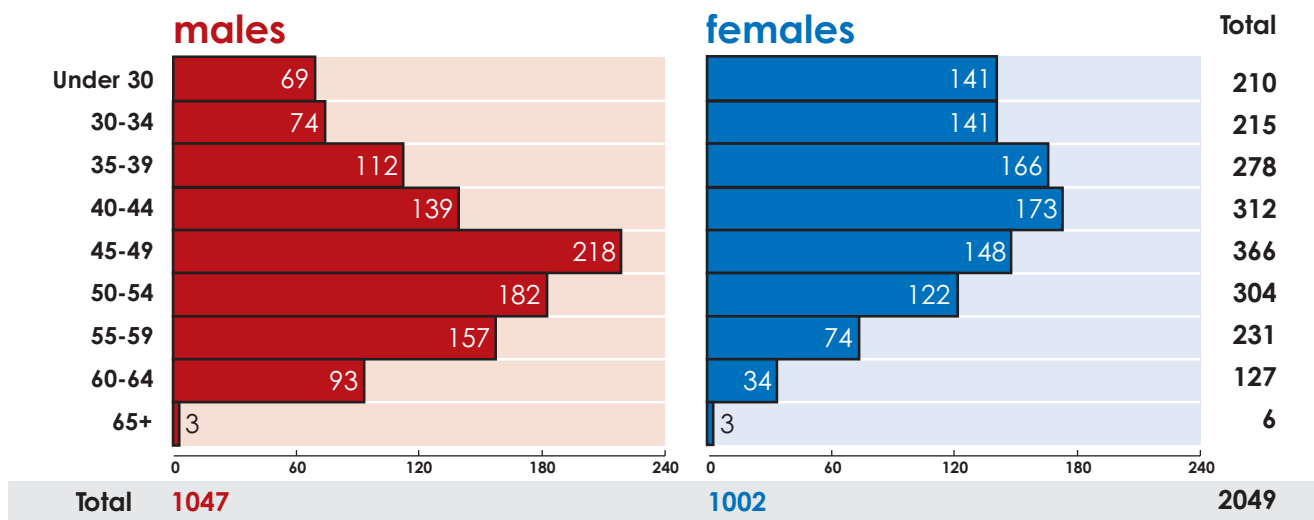
Active Members - Open Fund

The ITB Pension Funds' consists of two separate Funds, the Open Fund and the Closed Fund. All Active members are either in the "Old", "New" or "2007" Sections of the Open Fund. The Open Fund has seen another increase in membership over the past year taking it over 2000 active members, continuing the trend seen over the past 3 years.

Chart 1



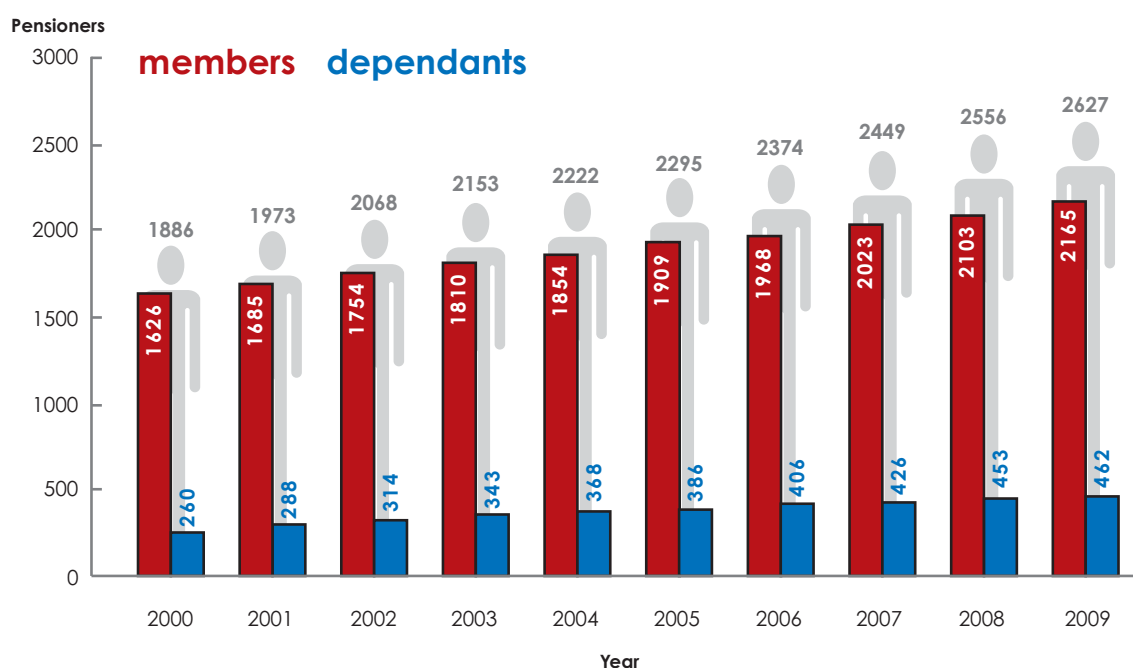
The age structure of the contributing members at 31 March 2009 was as follows:



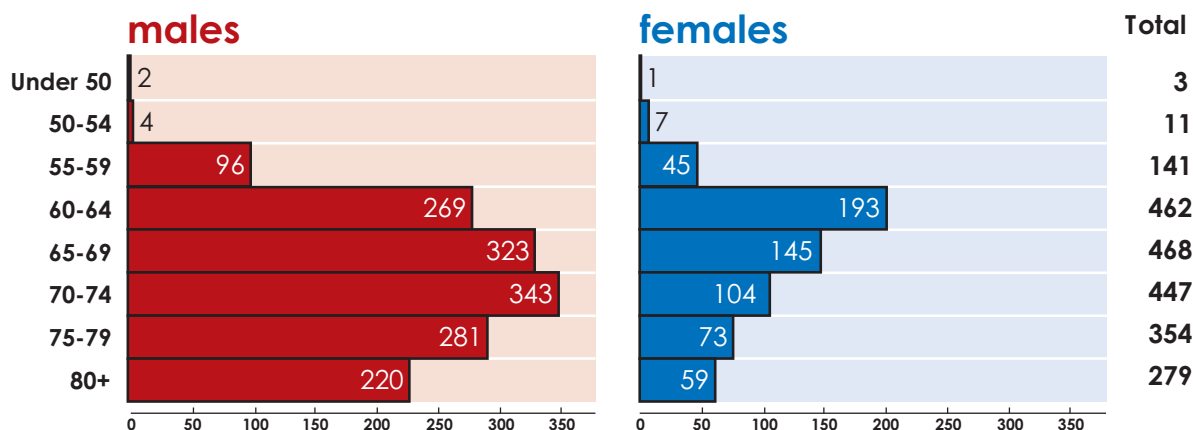
Pensioners - Open Fund

Once again the Open Fund has seen a steady increase in the number of pensioners, which follows the trends of previous years. Pensioners are either members or dependants and the number in each category is shown below.

Chart 2



The age structure of pensioners in the Open Fund as at 31 March 2009 is shown below. The benefits paid to the pensioners cover early, normal, late retirement, compulsory and disability retirement.

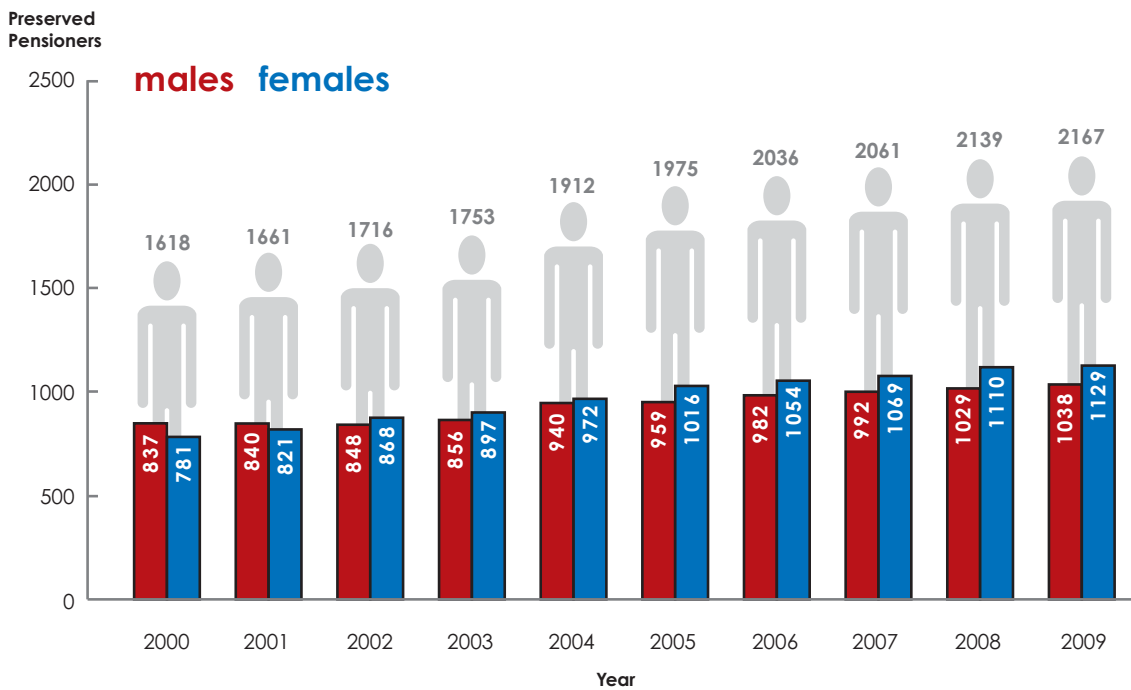


Sub-total	1538	627	2165
Dependants	58	404	462
Total	1596	1031	2627

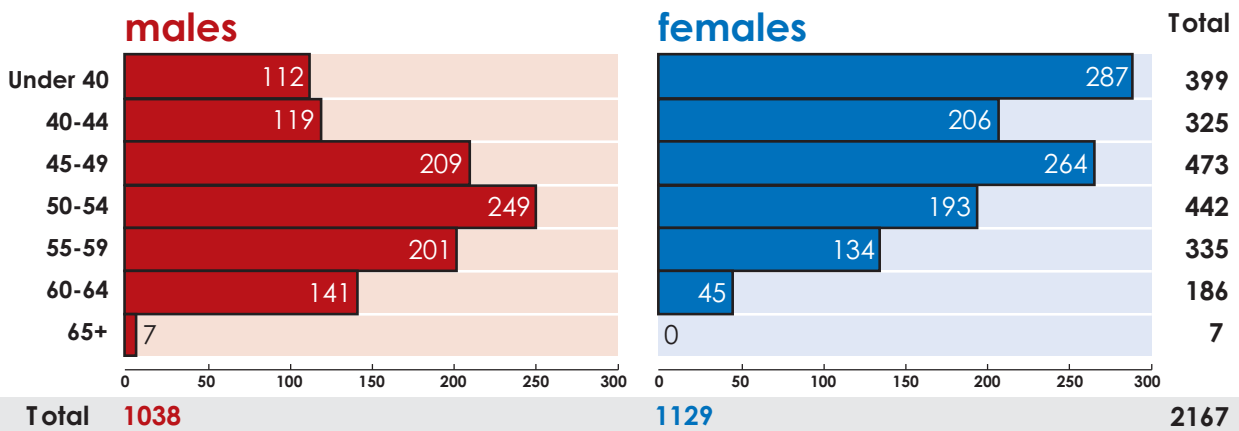
Preserved - Open Fund

The number of preserved pensioners in the Open Fund as at 31 March 2009 is shown below. Preserved pensioners (also sometimes referred to as deferred pensioners) are members who have left service, but still hold a benefit within the Open Fund which will become payable on their retirement date or death.

Chart 3



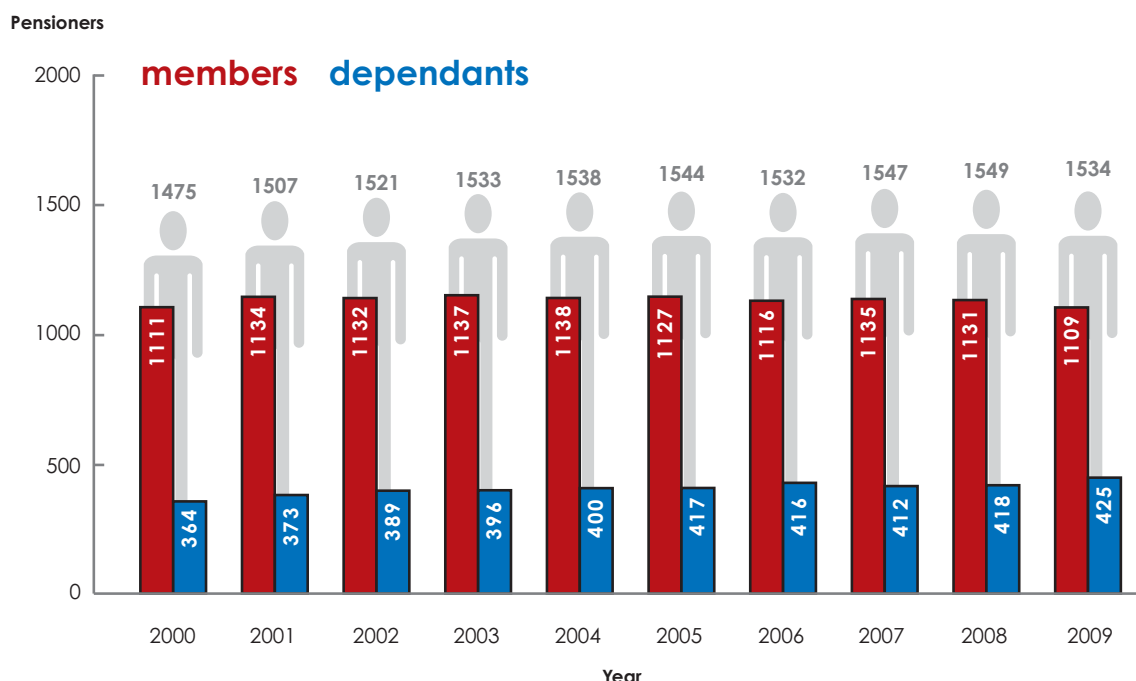
The age structure of preserved pensioners in the Open Fund as at 31 March 2009 is as follows:



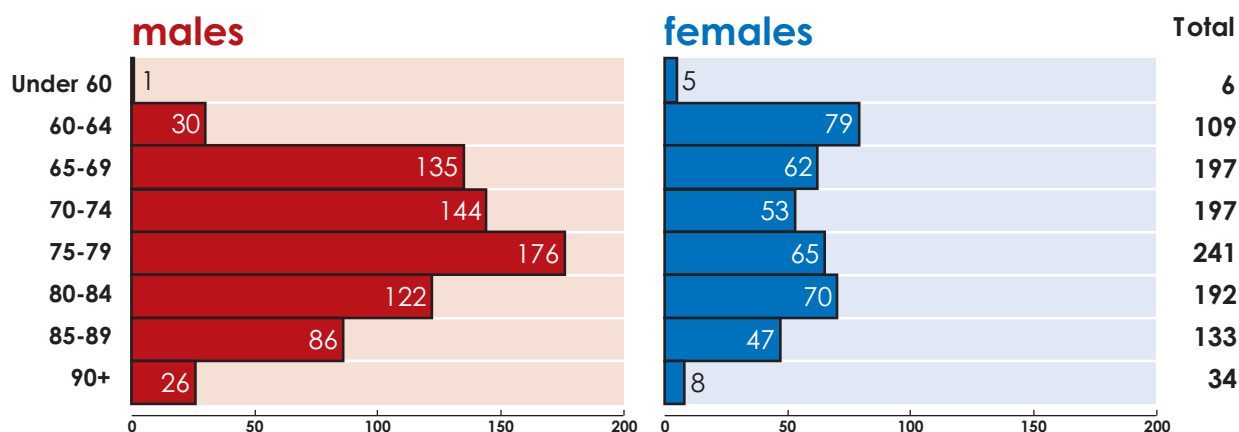
Pensioners - Closed Fund

The Closed Fund was established in April 1983 after the Government dissolved 16 Training Boards. Membership of the Closed Fund is fixed by a Memorandum of Agreement. There are no active members in the Closed Fund. It consists only of pensioners, dependants and preserved pensions. This year, the number of Closed Fund pension beneficiaries has reduced slightly from last year, as the number of pensioners who have died is slightly higher than the number of preserved pensions coming into payment and pensioners being replaced by their dependants.

Chart 4



The age structure in the Closed Fund as at 31 March 2009 is shown below:

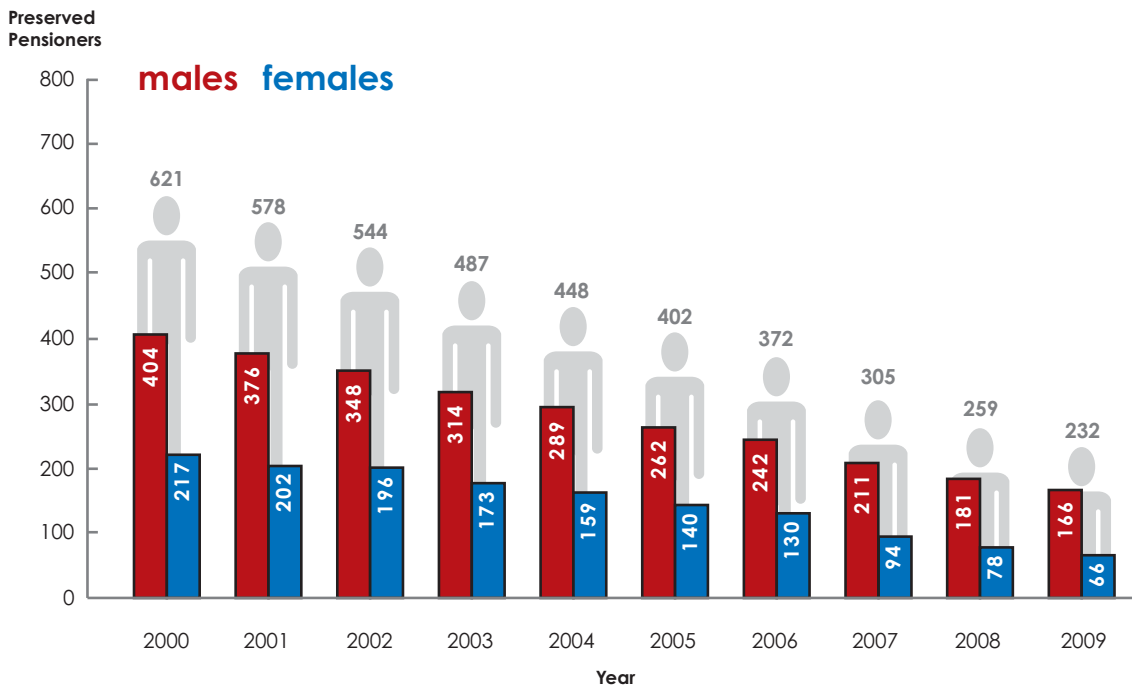


Sub-total	720	389	1109
Dependants	31	394	425
Total	751	783	1534

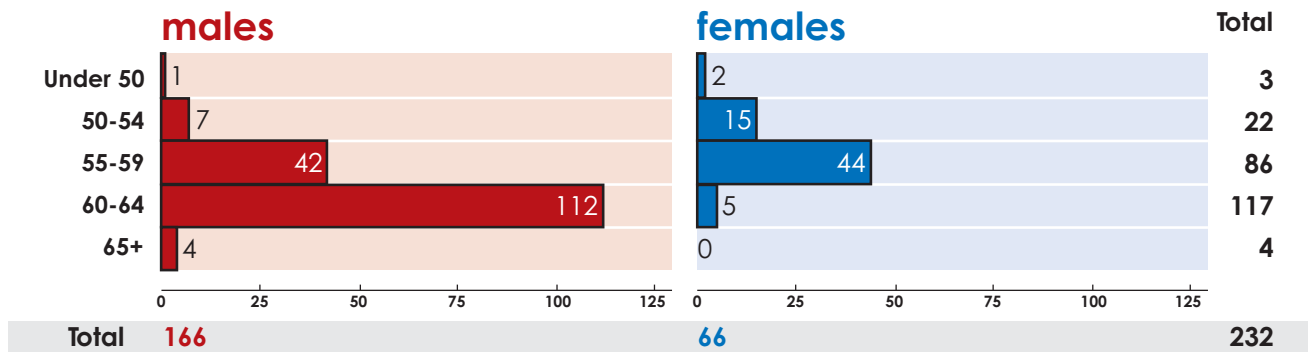
Preserved - Closed Fund

The number of preserved pensioners in the Closed Fund as at 31 March 2009 is shown below. Preserved pensioners are members who have left service, but still hold a benefit within the Closed Fund which will become payable on their retirement or death. The number of preserved pensioners in the Closed Fund will continue to decline as they come into payment or death occurs.

Chart 5



The age structure of preserved pensioners in the Closed Fund as at 31 March 2009 is as follows:



Increases in Pensions

The Funds' Rules provide for Members' pensions to be increased both before and after they come into payment in accordance with regulations, or as prescribed by legislation. The increases commence on the first Monday after 6th April each year and the amount is based on the annual increase in the Retail Price Index (RPI). The methods by which these increases currently apply are shown in the following table.

Pensions in Payment:

	Closed Fund & Open Fund (Old Section)	Open Fund (New Section) & Open Fund (2007 Section)	The State
Before State Pension Age the Scheme increases total pension by:	*RPI	*RPI subject to a maximum in one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter.	Nil
After State Pension Age the Scheme increases Excess over **GMP by:	*RPI	*RPI subject to a maximum in any one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter.	Nil
For **GMP accrued between: 6 April 1978 to 5 April 1988 by:	Nil	Nil	*RPI
6 April 1988 to 5 April 1997 by:	Lesser of 3% and *RPI	Lesser of 3% and *RPI	Excess of *RPI over 3%

*RPI = Retail Price Index ** GMP = Guaranteed Minimum Pension

Since 6 April 1978 all members of the ITB Pension Funds ('the Funds') are contracted-out of the State Second Pension (S2P), formerly the State Earnings Related Pension scheme (SERPS) between 6 April 1978 and 5 April 1997. Where relevant National Insurance (NI) contributions have been paid the S2P/SERPS sits on-top of the State basic 'old-age pension'.

For the period members are in contracted-out employment under the Funds they benefit from a reduction in their NI contributions. From State Pension Age the Funds then becomes responsible for paying the broad equivalent of the S2P/SERPS benefit members would have earned had they not been contracted-out. Prior to 6 April 1997 this benefit was termed 'Guaranteed Minimum Pension,' or GMP. The post 1997 S2P benefit is termed 'Protected Rights'. Normally these benefits form only part of members' pensions from the Funds, except for lower earners where the Fund pension may be broadly equivalent to the S2P benefit.

On attaining State Pension Age, members are advised by the Department of Work and Pensions (DWP) of the amount of the GMP that will be paid by the Funds as part of their total pension. The Department will also confirm that subsequent cost of living increases on the GMP will be payable by the Department by making the necessary addition to the member's basic State Pension. Spouses' GMPs are inflation protected by the State, irrespective of age.

Preserved Pensions

	Closed Fund & Open Fund (Old Section)	Open Fund (New Section) & Open Fund (2007 Section)
Pensions accrued before 6 April 2009:	RPI	Increased in line with the lower of the accumulated rise in the RPI and 5% pa compound.
Pensions accrued on or after 6 April 2009:	RPI	Increased in line with the lower of the accumulated rise in the RPI and 2.5% pa compound.

Transfer of Benefits

The policy of the Trustees in relation to transfer payments when a member of the Funds leaves Pensionable Service has always been that such a payment should be available, provided that after the transfer has been concluded the Funds should retain no further liability.

Members have a statutory right to request a statement of transfer value once every 12 months. The Pension Schemes Act 1993 gives members who have left the Funds a statutory right to a transfer value in respect of their accrued benefits, which must be calculated according to regulations made under the Act.

Such transfer values can be paid to the occupational pension plan of the member's new employer, to a personal pension scheme, or into an insurance company pension policy.

Members who leave service and are granted a preserved pension may therefore elect to have their benefits transferred to another pension plan, or an insurance pension policy, at any time thereafter, subject to the transfer being completed no less than one year before Normal Retirement Date.

All transfer values paid during the year were calculated and verified in the manner prescribed under the regulations and made no allowance for discretionary benefits.

The rights granted to members either by Statute or by the Rules do not extend to members who have already started to receive a pension. However, there is an exception to this where a Pension Sharing Order is implemented following divorce proceedings as a transfer amount may be paid to a divorcing spouse with the member's pension being reduced accordingly.

In common with many other pension schemes the Trustees no longer accept transfers-in to the Funds because of concerns about the exposure to additional liabilities.

Legislation requires cash equivalent transfer values to be at least equivalent to the value of the benefits given up while funding levels allow this. The Trustees, along with the Funds' Actuary, have recently reviewed the way cash equivalents are calculated for transfers-out of the Open and Closed Funds, to ensure that they remain consistent with legislative requirements and continue to reflect the expected cost to the Scheme of providing the benefits being valued.

Actuarial Valuation

Open Fund

The ITB Pension Funds (Open Fund) is a defined benefit scheme. This means that the pension paid to a member is based on their service at, and Pensionable Salary in the years before, retirement. The Participating Employers operate the Open Fund for the substantial majority of their employees. The assets of the Fund are held separately from the finances of the Participating Employers.

Actuarial valuations of the Fund are carried out as determined by the Trustees at intervals of not more than three years. In his valuation the Actuary assesses the funding position of the Scheme and the expected future cost of benefits accruing to members under the Scheme, recommending a rate of contribution to be paid by Employers. In intervening years, annual interim actuarial reviews are carried out, to monitor changes in the funding position between formal valuations.

The most recent valuation of the Open Fund was completed by the Actuary as at 31 March 2007, revealing an increase in the surplus in the Fund of £2.4 million. The Actuary valued the liabilities of the Fund at £576.1 million and the assets at £621.9 million, of which £43.4 million represented surplus which has already been allocated, mostly to individual Employers (to be held within the Fund in accordance with the Rules). Therefore, the value of the assets of the Fund as at 31 March 2007 was 108% of the value of the liabilities, or just slightly over 100% after deducting surplus already allocated. The surplus arising at the 2007 valuation was applied in accordance with the Rules.

An interim actuarial review of the Open Fund was carried out as at 31 March 2008. The results of this interim review showed that the funding level decreased from 100% to 86% between 31 March 2007 and 31 March 2008 after allowing for surplus previously allocated. The principal reasons for the reduction in the funding level were lower than expected investment returns on the Fund's assets, and a decrease in the rate of return used to value the Fund's liabilities (which increases the value placed on the liabilities) due to a decrease in gilt yields.

The Trustees continually monitor the Fund's financial status between formal valuations. The next interim actuarial review, as at 31 March 2009, is now underway. The next formal actuarial valuation is due as at 31 March 2010.

Closed Fund

The most recent valuation of the Closed Fund was completed by the Actuary as at 31 March 2006 and revealed a surplus of £20.8 million. For the purpose of the valuation, the Actuary valued the assets of the Fund at £223.1 million and all liabilities, including future administration expenses, were valued at £202.3 million. Therefore, the value of the assets of the Fund as at 31 March 2006 was 110% of the value of the liabilities.

Under the Rules governing the Closed Fund, the Trustees have power to use up to one-third of a surplus revealed at each triennial valuation to improve members' benefits. This power is not subject to the approval of Employers. The result of the valuation enabled the Trustees to make a further flat rate increase of 3.6% to Closed Fund benefits, effective 1 January 2007.

An interim actuarial review of the Closed Fund was carried out as at 31 March 2008. The results of this interim review showed that the funding level decreased from 113% to 108% between 31 March 2007 and 31 March 2008. The reduction in surplus was largely due to a decrease in the rate of return used to value the Fund's liabilities (which increases the value placed on the liabilities) because of a decrease in gilt yields over the year, although this was partially offset by higher than expected investment returns on the Fund's assets.

The next formal actuarial valuation of the Closed Fund, as at 31 March 2009, is now underway.

Actuarial Certificates

Certificates provided by the Actuary confirming the adequacy of the rates of contributions payable to the Funds in accordance with the legislation in force at the date of the valuations are shown on pages 28 - 29.

Scheme Funding Requirements

Statutory Scheme Funding Requirements set out principles which Trustees must follow when determining the methods and assumptions to be used for actuarial valuations, and require the Trustees to agree these matters with the Employers.

Actuarial Certificates

Closed Fund

Schedule of Contributions

This Schedule of Contributions has been prepared by the Trustees, after obtaining the advice of Chris Daykin, the Actuary to the scheme.

CONTRIBUTIONS TO BE PAID TOWARDS THE SCHEME FROM 1 APRIL 2006 TO 31 MARCH 2011

Name of Scheme:

The ITB Pension Funds – The Closed Fund

For each month after 1 April 2006, the Scheme Actuary certifies that no contributions are required for retirement benefits and administration expenses. This schedule may be revised from time to time where the revisions are agreed between the Trustees and the Employers, for example after the signing of a subsequent valuation report.

Actuary's Certification of Schedule of Contributions

Name of Scheme:

The ITB Pension Funds – The Closed Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to be met for the period for which the schedule is to be in force.
2. I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the Statement of Funding Principles and any recovery plan.

Adherence to Statement of Funding Principles

3. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 6 October 2006.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

C D Daykin FIA
Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB

16 March 2007

Open Fund

Actuarial Certificate - Schedule of Contributions

Name of Scheme:

The ITB Pension Funds – The Open Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions* are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the schedule is to be in force.
2. I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had the responsibility of preparing or revising the schedule, the Statement of Funding Principles and any recovery plan.

Adherence to Statement of Funding Principles

3. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 12 October 2007.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

C D Daykin FIA
Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB

10 March 2008

**The Schedule of Contributions referred to in this certificate is available on request.*

Summary Funding Statements

The ITB Pension Funds (Open Fund): Summary Funding Statement for Period ending 31 March 2008

The ITB Pension Funds' Trustees who look after the Scheme will provide an update of the Scheme's funding position each year in a statement similar to that shown below. This statement is based on the latest annual actuarial report, which sets out how the Scheme's funding position has changed since the last full actuarial valuation. It is essentially a snapshot of the financial position of the Fund that is based on the actuarial values of the Fund's assets and liabilities as at the date of the report.

The last ongoing funding valuation

The most recent funding valuation of the Open Fund showed that on 31 March 2007 the funding position was as follows:

Assets	£621.9 million
Liabilities	£576.1 million
Funding level	108%

The estimated amount as at 31 March 2007 needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding up (full solvency) was £738.3 million. Therefore, the Scheme was 84% funded on a full solvency basis as at 31 March 2007. Inclusion of this information does not imply that the Participating Employers are thinking of winding-up the Scheme.

Change in funding position

The Scheme Actuary carried out an interim review of the Open Fund as at 31 March 2008. The purpose of that review was to assess how the Scheme's funding position has changed since the last full actuarial valuation.

This interim review showed that the funding level decreased from 108% to 92% between 31 March 2007 and 31 March 2008. The decrease in funding level was largely due to lower than expected investment returns on the Fund's assets combined with an increase in the value placed on the Fund's liabilities due to changes in market conditions.

Payment to the Participating Employers

There has not been any payment to the Participating Employers out of Scheme funds in the last twelve months.

How the Scheme operates

How is my pension paid for?

The Participating Employers pay contributions to the Pension Scheme so that the Scheme can pay pensions to its members when they retire. Active members also pay contributions to the Scheme, and these are deducted from gross pay.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to an agreement with the Participating Employers on future contributions.

The importance of the Participating Employers' support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, success of the Scheme relies on the Participating Employers continuing to support the Scheme because:

- the Participating Employers meet the administrative expenses of running the Scheme
- the funding level can fluctuate, and when there is a funding shortfall, the Participating Employers will usually need to put in more money
- the target funding level may turn out not to be enough so that the Participating Employers will need to put in more money.

What is the Scheme invested in?

The Trustees' strategic target (which will be subject to periodic variation) is to invest in a broad range of assets subject to asset class targets as follows:

UK Equities	20%
Overseas Equities	20%
Fixed Interest and Index Linked	30%
Property	15%
Alternative Investments	15%

Where can I get more information?

If you have any other questions, or would like any more information, please contact the ITB Funds' Office at Watford. A list of more detailed documents which provide further information is shown below. Most of the documents are available on the Funds' information website 'ITB Online' (www.itb-online.co.uk).

Members of the Scheme can also use the Funds' secure modelling website 'MyITB' (www.myitb.com) to estimate their own benefits.

Additional documents available on request or in some cases on the Funds' website www.itb-online.co.uk

The Statement of Investment Principles: This explains how the Trustees invest the money paid into the Scheme.

The Schedule of Contributions: This shows how much money is being paid into the Scheme.

The Annual Report and Accounts of the ITB Pension Fund, which shows the Scheme's income and expenditure in the year up to 31 March 2009.

The full report on the *Actuarial Valuation* following the Actuary's check of the Scheme's situation as at 31 March 2007.

The report on the *Interim Actuarial Review* of the Scheme as at 31 March 2008.

The ITB Open Fund '2007 Section', 'New Section' and 'Old Section' Member Booklets (you should have been given a copy of the booklet relevant to the Section you are in when you joined the Scheme, but a further copy can be requested).

An *Annual Benefit Statement*. If you are not getting a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension, or visit www.myitb.com to view online benefits statements and model your pension.

Important: If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

The ITB Pension Funds (Closed Fund): Summary Funding Statement for Period ending 31 March 2008

The ITB Pension Funds' Trustees who look after the Scheme will provide an update of the Scheme's funding position each year in a statement similar to that shown below. This statement is based on the latest annual actuarial report, which sets out how the Scheme's funding position has changed since the last full actuarial valuation. It is essentially a snapshot of the financial position of the Fund that is based on the actuarial values of the Fund's assets and liabilities as at the date of the report.

The last ongoing funding valuation

The most recent funding valuation of the Closed Fund showed that on 31 March 2006 the funding position was as follows:

Assets	£223.1 million
Liabilities	£202.3 million
Funding level	110%

As a result, no further contributions were required.

(The liabilities include a 10% margin for risk. Excluding this margin, the funding level was 121%).

The Scheme Actuary assessed that, as at 31 March 2006, the assets of the Scheme were very likely to be sufficient to pay for the liabilities in full if the Scheme had started to wind up at that date. (The Scheme was 131% funded on a

full solvency basis as at 31 March 2006.) Inclusion of this information does not imply that the Participating Employers are thinking of winding up the Scheme.

Change in funding position

The Scheme Actuary carried out an interim review of the Closed Fund as at 31 March 2008. The purpose of that review was to assess how the Scheme's funding position has changed over the previous year.

This interim review showed that the funding level decreased from 113% to 108% between 31 March 2007 and 31 March 2008. (The funding level had increased from 110% at 31 March 2006, the date of the most recent full actuarial valuation, to 113% at 31 March 2007.) The decrease in surplus between March 2007 and March 2008 was due to the value placed on the Scheme's liabilities increasing by more than the value of the Scheme's assets due to changes in market conditions.

Excluding the 10% margin for risk, the funding level decreased from 124% as at 31 March 2007 to 119% as at 31 March 2008.

Payment to the Employers

There has not been any payment to the Employers out of Scheme funds in the last twelve months.

How the Scheme operates

How is my pension paid for?

The Employers and employees have historically paid contributions to the Pension Scheme so that the Scheme can pay pensions to its members when they retire. There are no longer any contributing members in the Closed Fund.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to a conclusion on whether the Scheme is adequately funded and if any further action is needed.

What is the Scheme invested in?

The Trustees' policy is to invest the majority of the Scheme's assets in index-linked gilts to match the liabilities of the Scheme as they come due. The reserve assets are invested in a broad range of assets, the majority of which are expected to be equities. Cash is held to pay the most imminent liabilities.

Where can I get more information?

If you have any other questions, or would like any more information, please contact the ITB Funds' Office at Watford. A list of more detailed documents which provide further information is shown below. Most of the documents are available on the Funds' information website 'ITB Online' (www.itb-online.co.uk).

Members of the Scheme can also use the Funds' secure modelling website 'MyITB' (www.myitb.com) to estimate their own benefits.

Additional documents available on request or in some cases on the Funds' website www.itb-online.co.uk

The Statement of Investment Principles: This explains how the Trustees invest the money paid into the Scheme.

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The full report on the *Actuarial Valuation* following the Actuary's check of the Scheme's situation as at 31 March 2006.

The report on the *Interim Actuarial Review* of the Scheme as at 31 March 2008.

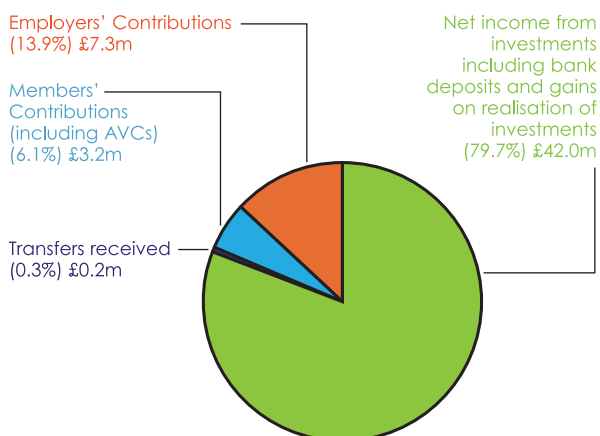
An *Annual Benefit Statement*. If you are not getting a pension from the Scheme you can ask for a statement that provides an illustration of your likely pension, or visit www.myitb.com to view online benefit statements and model your pension.

Important: If you are thinking of leaving the ITB Pension Funds for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

Fund Accounts

Source of Income 2008/2009

Chart 6 Open Fund

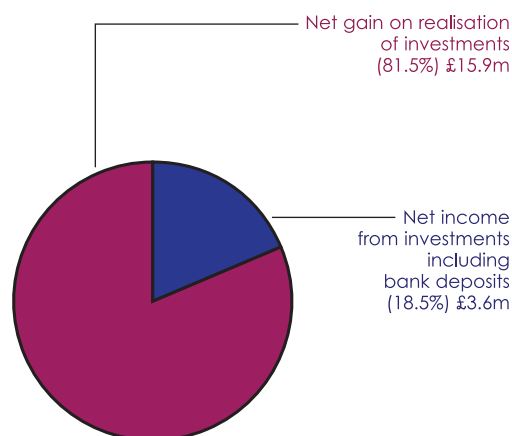


The way in which the income of the Open Fund of £52.7m was made up is shown in Chart 6. The total net investment income consists mainly of income from dividends and bank interest after deducting the losses on foreign exchange and Investment Managers' fees.

However, also included in the income shown above is an amount of £33.7m which represents realised profit on the sale of investments, less losses on foreign currency transactions.

During the year contributions of £2.5m have been charged to Employer's surplus allocations. Since these are internal transfers within Funds this amount does not appear as income. This is explained in more detail under Note 17 of the Financial Statements.

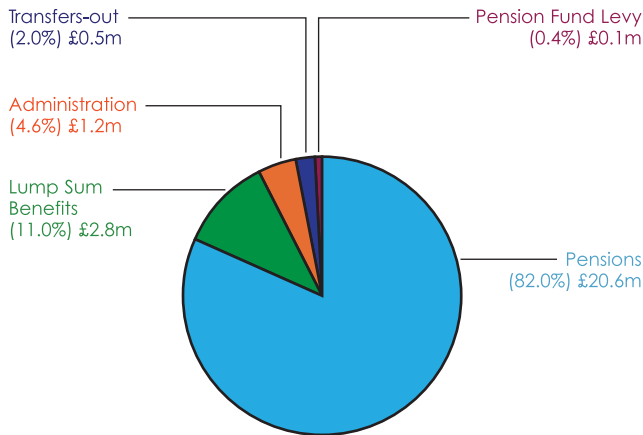
Chart 7 Closed Fund



The way in which the income of the Closed Fund, of £19.5m was made up is shown in Chart 7. The total net investment income consists of income from dividends and bank interest. The net investment income of the Closed Fund is made up in the same way as that for the Open Fund, excluding realised gains.

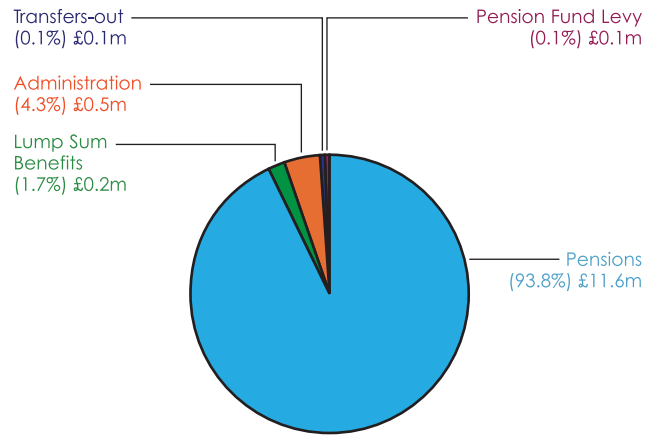
Allocation of Expenditure 2008/2009

Chart 8 Open Fund



The way in which the total Open Fund expenditure of £25.2m was made up is shown in Chart 8.

Chart 9 Closed Fund



The way in which the total Closed Fund expenditure of £12.5m was made up is shown in Chart 9.

Investment Report

Statement of Investment Principles (SIPs)

The Pensions Act 1995, as amended, sets out certain requirements for trustees of pension schemes to prepare SIPs that govern their investment decisions. While the ultimate power and responsibility for deciding investment policy rests solely with trustees, they are expected to consult with participating employers about the preparation of the SIPs. The ITB Pension Funds' Trustees do this and they also seek advice from their investment consultants and actuarial advisers on the broad investment principles governing the investment policy of the Funds.

The SIPs are regularly reviewed. The full versions of SIPs can be viewed by accessing the ITB website on www.itb-online.co.uk, or obtained by requesting a copy from the Funds' Office.

Specialist investment managers are employed by the Trustees to manage the portfolio of investments. Their appointments are reviewed by the Trustees annually in light of quarterly monitoring of the performance and investment process. The investment performance of both the Open and Closed Funds is shown on pages 41 - 43.

The recommendations of a report on institutional investment – the Myners Report – which have previously been accepted by the Government, identified a set of investment principles which pension schemes should comply with on a voluntary basis. The Trustees consider that the Funds are currently generally compliant with most of the Report's recommendations (with a few relevant areas where the Trustees are working towards becoming fully compliant) and have taken steps, where appropriate, to integrate the recommendations into working practices and procedures.

Closed Fund

As the Closed Fund has no current Participating Employers with active members, an investment strategy has been adopted whereby the liabilities have been broadly matched by an underlying portfolio of index-linked gilts. In addition to the matched portfolio, the Closed

Fund also has a portfolio invested in a range of return seeking assets such as UK and Overseas Equities and Global Tactical Asset Allocation strategies.

Open Fund

Following the actuarial valuation of the Open Fund as at 31 March 2007, the Trustees along with their investment advisers gave detailed consideration to a report on the asset liability study carried out by the Fund's investment advisers, Lane Clark & Peacock LLP. With the benefit of this report the current investment strategy was set with the objective of achieving the Trustees' desired long term return of 2.2% in excess of gilts, while reducing the expected level of investment risk.

The current asset allocation of the Open Fund is shown on pages 39 - 40.

Investment Management

The Trustees employ external investment managers who have discretion to invest the assets of the Funds within the Trustees' prescribed guidelines.

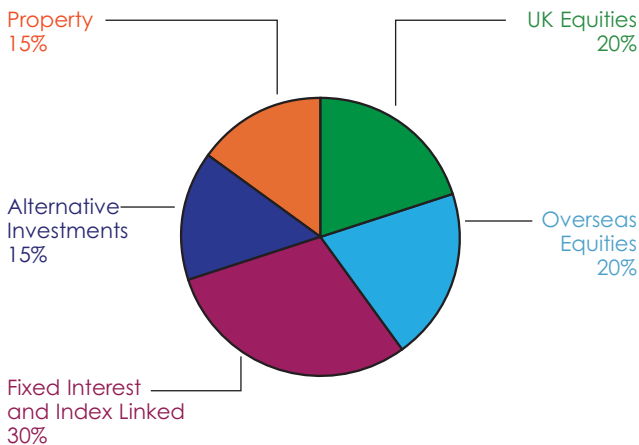
The strategy to achieve the investment objectives involves the Funds' assets being invested across a range of asset classes and geographical areas.

Although the Trustees have delegated day-to-day management of the Funds' investments to external managers, the custody (safe-keeping) of segregated assets is carried out independently of the managers through custodians JP Morgan Chase Bank, Barclays Global Investors Limited and Universal Pension Trustees Limited.

Details of and the performance of the individual managers looking after Open Fund assets is shown within the Investment Performance Review on pages 41 - 43.

The Closed Fund's portfolio of index-linked gilts, the investment of which is entirely passive and advised by the Actuary, is under the control of the Trustees. The return seeking assets are managed by a number of external managers detailed on page 43.

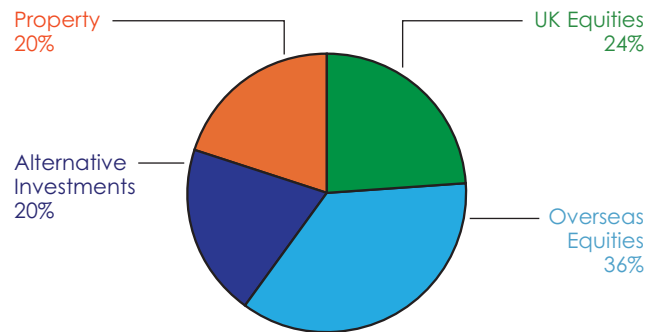
The target asset allocation existing at 31 March 2009 for the Open Fund is as follows:



The Trustees' investment strategy aims, over the long term, to achieve good investment growth while maintaining a secure funding position for the Open Fund. Although an overall long-term strategic asset allocation is agreed by the Trustees, the investment managers are given individual benchmarks. The active managers are permitted to diverge from these benchmarks within policy guidelines which are determined periodically by the Trustees in conjunction with their investment advisers. The guidelines are reviewed by the Trustees' Investment Committee at regular quarterly meetings.

During the year, the Government Actuary's Department reviewed whether the Closed Fund's index linked gilt portfolio was still sufficiently closely matched to the Fund's liabilities. The review concluded that additional assets needed to be transferred from the return seeking portfolio to the matching index-linked gilt portfolio. This transfer was completed in February 2009.

The benchmark existing at 31 March 2009 for the portion (17%) of the Closed Fund not invested in index-linked gilts, was as follows:



To ensure the secure investment of these assets the investment managers and Trustees sign agreements which clearly set out the restrictions placed on the managers. In the agreements, for example, there are prohibitions on lending assets, borrowing on the security of assets and buying shares not listed on a recognised stock exchange. There are also restrictions on the use of derivatives.

Details of the Open and Closed Funds' total asset allocation, individual manager's allocation, mandates and investment performance at the Funds' year-end are shown on pages 39 - 43.

Financial Review

The overall expenditure of the Closed Fund continues to exceed total investment income. However, expenditure is met only from the Fund's holdings in index-linked stock. The difference between the interest on the index-linked stock and expenditure is met from the money received from the redemption of stock which takes place at regular intervals.

The contribution income of the Open Fund continued to be insufficient to meet benefit payments and other expenditure. The balance was made up from investment revenue and the selling of appropriate investments. This was expected and will continue whilst Employers' and members' contributions are maintained at their current levels.

Investment Background

UK Equities

The Bank of England (BoE) continued to cut interest rates, from 5.25% at the beginning of the period to just 0.50%, the lowest since the Bank's inception in 1694. Headline Consumer Prices Index (CPI) rose to 3.3% in June, prompting an official letter from the Governor of the BoE to the Chancellor to explain why inflation had exceeded 1% over the target rate – only the second time in eleven years that this has been required. The UK equity market weakened considerably over the 12 months to 31 March 2009, with the FTSE All-Share index falling 29.3% in total return terms. June witnessed the start of worst financial crisis of the modern era on a global scale, with September and October seeing large market sell-offs. The US Treasury's bailout of mortgage lenders Fannie Mae and Freddie Mac sparked a short-lived rally, before the bankruptcy of Lehman Brothers caused share price collapses in major Financials on both sides of the Atlantic. UK banks and building societies were hard hit and under severe share price pressure, HBOS agreed a takeover by Lloyds TSB. Subsequently both RBS and Lloyds received significant funds from the UK government. Equity markets continued their precipitous decline until signs that the economic crisis may be abating became apparent. In the first quarter of 2009, global markets returned to positive territory with the S&P 500 posting seven consecutive weeks of growth.

Europe ex UK equities

Continental European equities fell very steeply in the 12 months to 31 March 2009, with the FTSE Europe ex-UK index shedding 31.1% in sterling, total return terms. The region's stocks were hurt as continuing turmoil in the US and UK banking industries combined with increasing evidence of a severe global economic downturn. European stocks endured a particularly difficult second half of 2008. The governments of Belgium, the Netherlands and Luxembourg were forced to partly nationalise Belgian-Dutch group Fortis. German lender Hypo Real Estate attempted to secure a credit line from various parties, including the German government, of up to €35bn. Banking rescues were undertaken in Denmark, Iceland and Russia, while the Irish

government was forced to guarantee the debts and deposits of six of the country's banks. Earlier in the third quarter, the European Central Bank (ECB) had been forced to raise interest rates to 4.25% in an attempt to rein in inflation, which was running at its highest in 16 years. However, as inflation fears receded recession became the watch-word as the relative strength of the euro impinged on export-reliant countries. Late in the period the ECB started to cut rates, taking them from 4.25% to 2.5%. Economic data worsened, with the region's GDP contracting for the first time since the introduction of the euro in 1999. European manufacturing confidence collapsed in the fourth quarter, hitting mining companies, the steel sector, and the auto sector particularly hard. The lack of readily available consumer financing saw car sales slump 26% on the previous year in November, causing the share prices of manufacturers like Renault, Fiat, and Peugeot to fall about 50% during the fourth quarter. Stocks rebounded in the latter part of 2008 and early 2009 as confidence in government action to shore up the economy improved. The euro reached a record high against sterling, coming close to parity on speculation that the Bank of England could follow the US Federal Reserve and slash borrowing costs to virtually zero. By the first quarter of 2009, ECB rates had reached 1.50% and stocks staged a late rebound at the end of March on improved economic sentiment and Banking sector outlook.

Global Equities

Global equities fell over the year under review with the FTSE World index shedding 19.8% in sterling total return terms. The world's financial landscape changed dramatically in the third quarter of 2008 as the crisis in global credit markets accelerated rapidly causing panic in financial markets. Governments around the world were forced to step in to save some of the world's largest financial institutions, while others were allowed to fail. In a ten-day period alone, Fannie Mae and Freddie Mac, the two vast US mortgage lenders which provide or underwrite half of the US mortgage market, were nationalised; Lehman Brothers, the fourth largest investment bank in the US, filed for bankruptcy;

and the US government became the majority shareholder in AIG, the world's largest insurance company, at a cost of \$85 billion. A sell-off in risk assets continued as political debate in the US over the appropriate fiscal policy to engender financial stability caused extreme volatility, with investors lurching between positive and negative expectations. Senator Barack Obama won the US presidential election and the president elect reiterated his intention to pass a massive fiscal stimulus package as soon as he took office in January, sending the S&P 500 on its biggest five-day surge since 1933. However, the bear market continued into 2009 before stocks rallied from early March, with signs of stabilisation in a number of economic indicators around the world, notably US housing and manufacturing purchasing manager surveys in the US, Japan and Europe. Further detail from Treasury Secretary Geithner on a Financial Stability Plan in the US engendered more confidence that banks were cleansed of toxic assets and several financial institutions announced a return to profit in the new year.

Bonds

During 2008, the crisis in US credit markets spread around the world, gaining momentum towards the end of the year and causing panic in global financial markets. In the space of 10 days during September, the US financial landscape changed beyond recognition, and this turn of events made itself felt across the world, including the UK. With governments around the globe stepping in to support their ailing financial institutions, investors headed out of risk assets and into the relative safety of government debt. Gilts of all maturities rallied, with the most significant moves at the short end. Moves were even more extreme after the Bank of England announced in March that it would buy back selected gilts as part of its quantitative easing programme. Securities in the maturities targeted – 5-25 years – rallied strongly, particularly those in the middle of the curve. However, the market ultimately remained concerned about the level of government bond issuance needed to fund stimulus plans, and yields began to move back up.

For inflation linked gilts, the picture was less positive over the year. During the first part of 2008, the bond market, the Bank of England and the UK government had all been worried about inflation. However, this concern rapidly dissipated as commodity prices, especially oil, declined in the face of the sharp deterioration in global growth prospects. The market proceeded to cut its inflation forecasts, and index-linked gilt prices tumbled in the second half of 2008.

For credit, the negative economic environment meant that prices declined significantly, with spreads almost reaching 450 basis points (bps) by the end of March. In the last six months of the period under review, only two months out of six were positive, the biggest declines occurring in September, October and January. Spreads widened across all industries, credit ratings and maturities, though better-rated debt in non-cyclical areas outperformed lower-rated debt in cyclical industries.

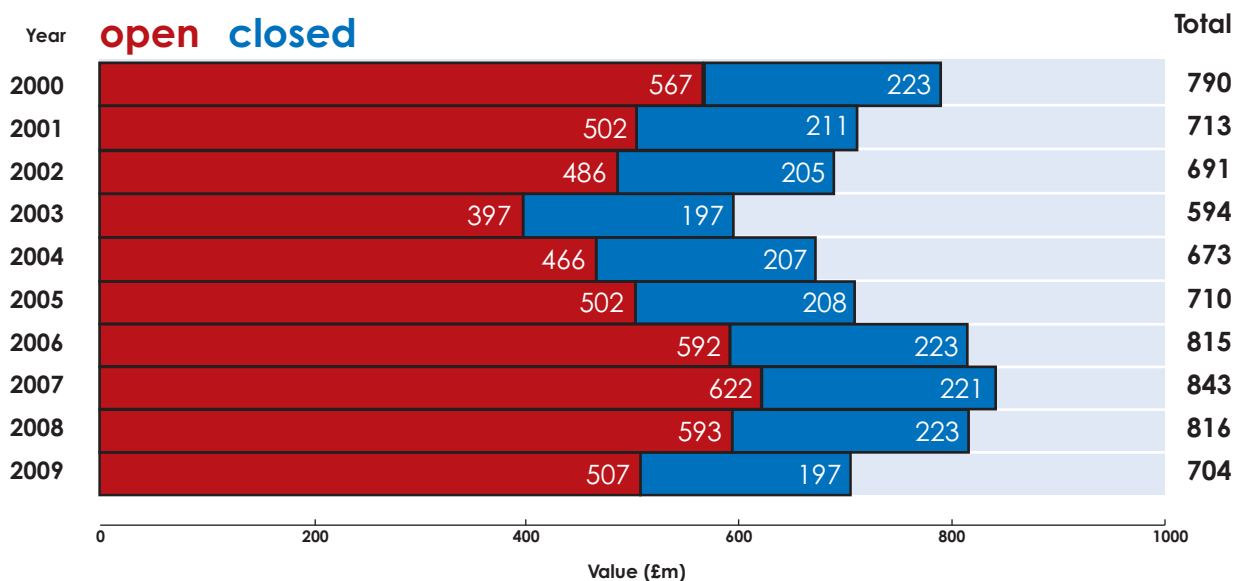
Property

UK commercial property produced a total return of -25.5% in the 12 months to 31 March 2009. After the record capital value falls witnessed in Q4 2008, there were early signs of a deceleration in the market correction in UK commercial property values. However, it remained too early to call the bottom of the market, as investment confidence remained very weak and debt is still hard to obtain. Retail property recorded the weakest annual total returns of -27.1% over the 12 months to 31 March 2009. Rental values fell by 2.6% over the same period, greater than the market as a whole. Offices recorded annual returns of -25.9% for the 12 months to 31 March 2009. Rental values fell over the 12 month period, contracting by 9.9%, with a particularly sharp deceleration in some sub-sectors. Rental values in the Central London area fell 10.1% in the three months to 31 March 2009; in contrast, outside of Central London office rental values fell by around 2.4% over the same period. Industrial property produced the strongest return for the 12 months to 31 March 2009, albeit still very negatively at -21.4%. This was supported by the relatively strong income returns across the sector.

Investment Report

The size of each Fund and the growth achieved in the past ten years is demonstrated in Chart 10.

Chart 10 Growth of Total Funds (see page 50)



Asset Allocation (see page 56)

At the end of March 2009, the Funds' investments were allocated between the following categories:

Open Fund	Market Value £000's	Proportion of Market Value %
UK Equities	57,782	11.8
Overseas Equities	114,031	23.2
Fixed Interest:		
UK	92,272	18.8
Index Linked	105,798	21.5
Derivatives	807	0.2
Property	65,115	13.3
Alternatives (e.g. Hedge Funds)	29,949	6.1
Cash	25,262	5.1
Total	491,016	100.0

Closed Fund	Market Value £000's	Proportion of Market Value %
UK Equities	11,714	6.0
Overseas Equities	14,293	7.3
Fixed Interest:		
UK	-	-
Overseas	-	-
Index Linked	160,796	82.5
Alternatives	6,826	3.5
Cash	1,293	0.7
Total	194,922	100.0

The overseas equities for both Funds consists of holdings in Europe, North America, Japan and South East Asia, while the Open Fund also has holdings in Emerging Market investments. The latter, however, represents less than 2% of the net assets of the Open Fund. The changes in asset allocation made since 2007 are shown in Charts 11 and 12.

Chart 11
Asset Allocation - Open Fund (%)

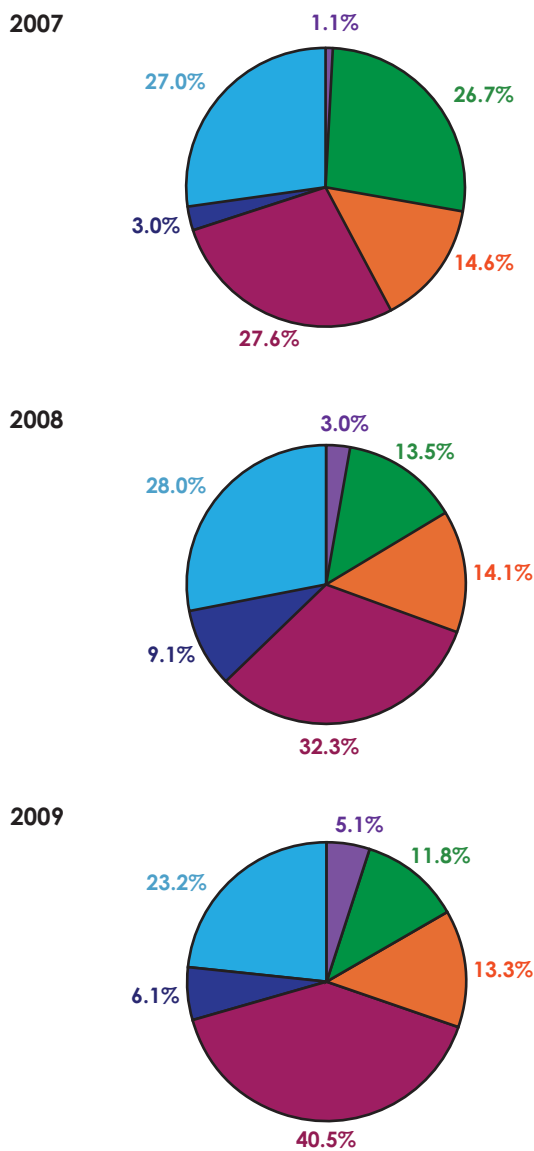
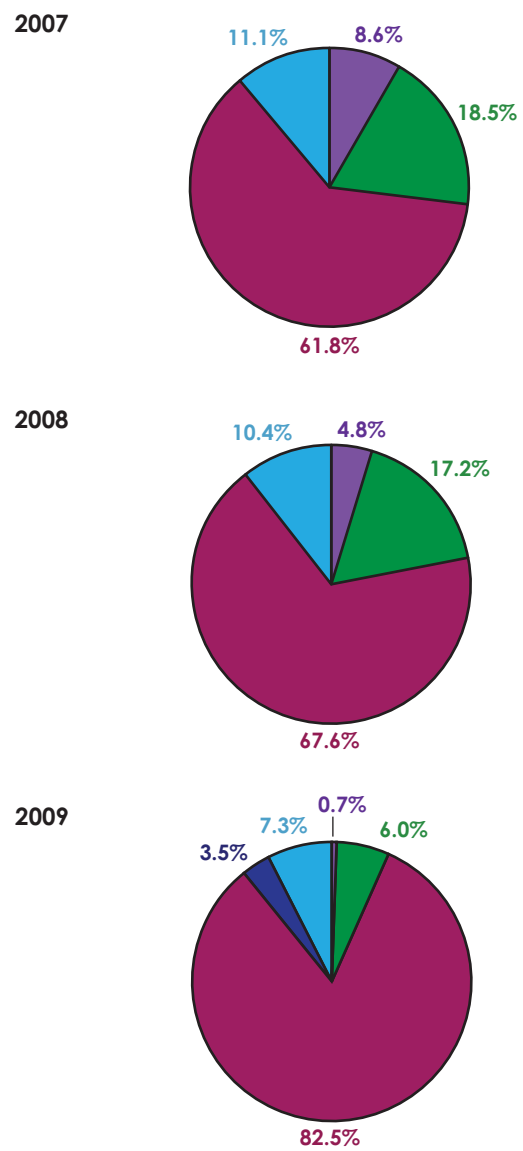


Chart 12
Asset Allocation - Closed Fund (%)



Cash
 Property
 Alternatives

UK Equities
 Fixed Interest, Index Linked and Derivatives
 Overseas Equities

The ITB Pension Funds' assets are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 1996. The Funds do not invest in any of the Participating Employers' businesses. No investment represents more than 3% of share capital of the company concerned.

Investment Performance Review

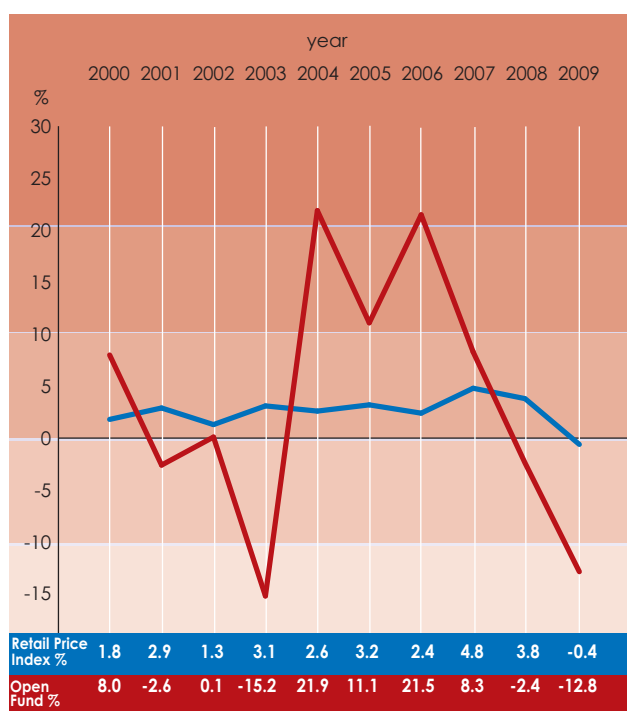
Total Fund

The investment performance of both the Closed and Open Funds continues to be monitored by BNY Mellon Asset Servicing, an independent investment performance monitoring service which monitors the performance of over 1,800 pension fund portfolios and over 350 pension funds. For this purpose the Closed Fund and the Open Fund are treated separately and separate reports are provided in respect of each investment manager.

The period reviewed in the most recent full report relates to the year ended 31 March 2009. In addition, BNY Mellon Asset Servicing also provide an overview for each Fund and present all the year-end reports at a meeting of the Trustees' Investment Committee while they also attend and present at quarterly monitoring meetings.

Investment performance is closely monitored by the Trustees. Benchmarks are based on various indices and the investment managers are set appropriate performance targets so as to ensure that, as far as is practicable, the Funds perform in line with their strategic benchmark.

Chart 13 Rates of Return



The relevant benchmark return for the Open Fund this year was -12.0%, whereas the Fund achieved a return slightly lower than this of -12.8%.

The Closed Fund achieved a return of -6.4% against the relevant benchmark of -6.0%. The overall performance of the Closed Fund reflected its large holding in index-linked gilts.

Chart 13 shows the rate of return on all assets achieved by the Open Fund (income and capital appreciation combined) in the recent past, compared with the increase in prices, as measured by the Retail Price Index. Past returns are, of course, no guarantee of future performance.

Managers Mandates and Performance – Open Fund

Note *Where the investment manager's mandate was awarded during the Scheme year it is too early to calculate annual performance figures.

All figures include cash held with the investment manager.

The charts shown on page 40 have cash shown separately.

UK Equities (including index-tracking equities) (12% of total fund)

Barclays Global Investors (BGI) (4% of total fund)

This part of the UK equity portfolio has the objective to match the UK FTSE All Share Index. Barclays Global Investors' fees are market value based. Over the year BGI marginally outperformed their benchmark.

Henderson Global Investors Ltd (4% of total fund)

This part of the UK equity portfolio has the objective to outperform the UK FTSE All Share Index by 0.75% pa gross of base fees. Henderson's fees are market value based with a performance-related element. Over the year, Henderson marginally underperformed their benchmark and therefore their objective.

Barclays Capital

The investment with Barclays Capital was redeemed on 18 June 2008. The contractual requirement was to provide a return which was 2% above that achieved by the UK FTSE100 Total Return Index. This was achieved.

BNP Paribas (4% of Fund)

BNP Paribas were appointed as a replacement manager for Barclays Capital on 18 June 2008. This part of the UK equity portfolio has a contractual requirement to provide a return

which is 4.7% above that achieved by the UK FTSE 100 Total Return Index. The fees for this investment are included within the terms of the note and are not explicit.

Fixed Interest (including index-linked gilts and derivatives) (43% of total fund)

Insight Investment (43% of total fund)

The objective of the main fixed interest portfolio is to outperform a composite benchmark by 0.75% pa, net of base fees, over rolling three-year periods. The fees for this portfolio are market value-based with a performance related element. Over the year this portfolio outperformed its benchmark but marginally underperformed its objective.

The objective of the LDI (Liability Driven Investments) SWAPS portfolio is to reduce the Scheme's exposure to interest rate and inflation risk by constructing and managing a portfolio with the objective of matching a specially calculated benchmark which is linked to the Fund's liabilities. The fees for this portfolio are market value-based with a performance-related element. Over the year this portfolio outperformed its benchmark.

Global Equities (24% of total fund)

Barclays Global Investors (BGI) (7% of total fund)

Part of this overseas equity portfolio is managed to track a composite benchmark within permitted deviations. The fees for this portfolio are market value based. Over the year, BGI underperformed their benchmark.

BGI also operate two currency funds, one of which is managed on a passive basis and the other on an active basis. The passive fund is operated to greatly reduce the effect of currency fluctuations within the total overseas equity portfolio and its performance is included within the overall overseas equity portfolio return. The active fund aims to add additional positive return. Over the year, the active currency fund underperformed its benchmark and its objective. Fees for both of the currency funds are market value-based with the active currency fund having a performance-related element.

AXA Rosenberg (5% of total fund)

The objective of this part of the global equity portfolio is to outperform the MSCI World Gross Total Return Index by 4% pa before fees over rolling three-year periods. The fees for this portfolio are market value-based with a performance-related element. Over the year, the portfolio underperformed its benchmark.

Wegelin & Co (4% of total fund)

The Wegelin mandate includes both developed and emerging market equities which are held as separate funds. The objective of the developed portfolio is to outperform the MSCI World Net Total Return Index (developed markets) by 5% pa net of fees, while the emerging markets portfolio objective is to outperform the MSCI Emerging Markets Free Net Total Return Index by 5% pa net of fees. Both of the objectives are measured over a five-year rolling cycle. The fees for these portfolios are market value-based with a performance-related element. Over the year, both portfolios underperformed their benchmarks.

Longview Partners LP (4% of total fund)

The objective of this part of the global equity portfolio is to achieve a positive absolute return of between 8% and 10% pa after fees. The fees for this portfolio are market value-based. No performance fees are payable. Over the year, the portfolio underperformed its benchmark.

Investec Asset Management (4% of total fund)

The objective of this part of the global equity portfolio is to outperform the MSCI World Gross Total Return Index by 3% to 5% gross of fees over rolling three-year periods. The fees for this portfolio are market value-based. No performance fees are payable. Over the year, the portfolio underperformed its benchmark.

Property (14% of total fund)

Fletcher King (12% of total fund)

The objective of this portfolio is to match the Investment Property Database (IPD) Year End Annual Index. Fletcher King is remunerated on the basis of an annual retainer fee together with transaction fees related to acquisition, disposals and lettings. In addition, further fees are payable based on the gross rental income of the portfolio, together with fees for work on rent and lease renewals. Over the year Fletcher King outperformed their benchmark.

Schroder Investment Management (UK) Ltd (2% of total fund)

The total investment committed for this European Property Fund will be paid in increments over a period up to and including 2010. The total commitment is approximately £18 million. The objective of this fund is to achieve an absolute return of between 8% and 10% pa net of fees over the 12-year life of the fund. The fees for this portfolio are market value-based. No performance fees are payable. Over the year, the portfolio underperformed its benchmark.

Alternatives (7% of total fund)

Schroder Investment Management (UK) Ltd Diversified Fund of Hedge Funds (1% of total fund)

The mandate of Schroders was terminated during the year due to concerns over the management of the fund. The investment is being liquidated over a period of time.

BNY Mellon Asset Management (3% of total fund) Global Tactical Asset Allocation Fund (GTAA)

The objective of this part of the alternatives portfolio is to outperform by 20% pa the CITI Group GBP one month Euro deposit rate gross of fees over rolling three-year periods. The fees for this portfolio are market value-based with a performance-related element. Over the year, the portfolio underperformed its benchmark.

Barclays Global Investors (BGI) (3% of total fund) Global Tactical Asset Allocation Fund (GTAA)

The objective of this part of the alternatives portfolio is to outperform three-month LIBOR (London Inter-bank Offer Rate) by 15% pa after fees. The fees for this portfolio are market value-based with a performance-related element. Over the year, the portfolio underperformed its benchmark.

Manager Mandates and Performance – Closed Fund

Fidelity Pensions Management Ltd

The global equity and fixed interest mandate with Fidelity was terminated in April 2008 as a result of implementing a new investment strategy.

UK Equities (6% of total fund)

Barclays Global Investors (BGI) (6% of total fund)

Barclays Global Investors were appointed as a UK equity manager on 10 April 2008.

The objective of this portfolio is to match the UK FTSE All Share Index. The fees for the fund are market value based. See note * on page 41.

Global Equities (7% of total fund)

Barclays Global Investors (BGI) (2% of total fund)

Barclays Global Investors were appointed as an overseas equity manager on 18 April 2008.

This part of the overseas equity portfolio is managed to track a composite benchmark within permitted deviations. The fees for this part of the fund are market value based.

BGI also operate a passive currency fund with the objective of greatly reducing the effect of currency fluctuations within the total overseas equity portfolio. The fees for this part of the fund are market value based. The performance for this fund is included within the overall return calculated for the total overseas equities portfolio. See note * on page 41.

Axa Rosenberg (3% of total fund)

Axa Rosenberg were appointed as a global equity manager on 15 April 2008. The objective of this part of the global equity portfolio is to outperform the MSCI World Gross Total Return Index by 4% pa before fees over rolling three year periods. The fees for this fund are market value based with a performance related element. See note * on page 41.

Investec Asset Management (2% of total fund)

Investec Asset Management were appointed as a global equity manager on 8 April 2008. The objective of this part of the portfolio is to outperform the MSCI World Gross Total Return Index by 3% to 5% gross over rolling three year periods. The fees for this fund are market value based. No performance fees are payable. See note * on page 41.

Property

Santander Bank

On 23 April 2008 the Closed Fund made an investment into a medium term property note with Santander Bank. The objective of the investment was to track the Independent Property Database Annual Total Return Index with a guaranteed return of 13.4% above the index. The note was redeemed in December 2008 having achieved its objective. The fees for this investment were included within the terms of the note and were not explicit.

Alternatives (4% of total fund)

Barclays Global Investors (BGI) (4% of total fund) Global Tactical Asset Allocation Fund (GTAA)

Barclays Global Investors were appointed as a GTAA manager on 30 April 2008. The objective of this portfolio is to outperform three-month LIBOR (London Inter-Bank Offer Rate) by 15% pa after fees. The fees for this portfolio are market value-based with a performance related element. See note * on page 41.

The remaining 83% of assets are held in index-linked securities which are under the control of the Trustees.

Statement of Trustees' Responsibilities

The financial statements are the responsibility of the Trustees. Pension Scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice),
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised May 2007).

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme, by or on behalf of the Employers and the active members of the Scheme and the dates on, or before which, such contributions are to be paid. The Trustees are also responsible for keeping records in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Employers in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

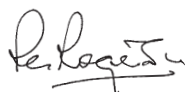
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Funds' website.

Summary of Contributions payable in the year

During the year, the contributions payable to the Open Fund by the Employers under the Schedule of Contributions were as follows:

	2009	2008
	£'000	£'000
Contributions payable under the Schedule of Contributions		
Employer normal contributions	6,830	5,759
Employee normal contributions	3,114	2,866
Total contributions payable under the schedule	9,944	8,625
Other contributions		
Employers' augmentation costs	476	684
Employers' buy-out contribution	-	570
Employee additional voluntary contributions	94	90
Transfers from money purchase AVC schemes	180	120
Total payable to the Scheme	10,694	10,089

The Trustees' Report was approved by the Managing Trustees on 3 July 2009.



P Rogerson
Trustee



K Potter
Trustee

Financial Statements

for the year ended 31 March 2009

Independent Auditor's Report

to the Trustees of the ITB Pension Funds

We have audited the financial statements for the year ended 31 March 2009 which comprise the fund accounts, the net assets statements and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and the Auditors

As described in the Statement of Trustees Responsibilities on page 44, the scheme's Trustees are responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information specified in the schedule to the Occupational Pension Schemes

(Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Trustees' Report, the Investment Report, the Actuarial Certificates and Supplementary Information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion :

- the financial statements show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the year ended 31 March 2009, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and
- the financial statements contain the information specified in Regulation 3 of the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants and Registered
Auditors

LONDON

28 July 2009

Independent Auditor's Statement

to the Trustees of the ITB Pension Funds

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the ITB Pension Funds

We have examined the summary of contributions to the ITB Pension Funds in respect of the scheme year ended 31 March 2009 which is set out in the Trustees' Report on page 45.

This statement is made solely to the Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of the Trustees and the Auditors

As described on page 44 the scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employers and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for monitoring whether contributions are made to the Scheme by the employers in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

Basis of statement about contributions

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions. Our Statement about contributions is required to refer to those breaches of the schedule of contributions which come to our attention in the course of our work.

Statement about contributions under the scheme

In our opinion contributions payable to the scheme during the year ended 31 March 2009 as reported in the summary of contributions set out in the Trustees' Report on page 45 have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 10 March 2008.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants and Registered Auditors

LONDON

28 July 2009

Fund Accounts

for the year ended 31 March 2009

	Notes	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Income					
Employers' contributions	3c, 17	-	6,830	6,830	5,759
Employers' augmentation costs	3c, 17	-	476	476	684
Employers' buy-out contribution	3c, 17	-	-	-	570
Total employers' contributions		-	7,306	7,306	7,013
Members' contributions	3c, 15, 17	-	3,208	3,208	2,956
Transfers from other schemes	3g, 5	-	180	180	120
		-	10,694	10,694	10,089
Expenditure					
Retirement and death benefits	6	11,879	23,264	35,143	34,367
Payments to and on account of leavers:					
Contribution refunds		-	110	110	61
Transfers to other schemes		11	512	523	397
Other payments:					
Administration costs	7	531	1,159	1,690	1,789
Pension fund levy		31	104	135	125
		12,452	25,149	37,601	36,739
Net withdrawals from dealings with members		(12,452)	(14,455)	(26,907)	(26,650)
Returns on investments					
Investment income	8	3,811	14,546	18,357	18,626
Change in market value of investments	11	(17,794)	(83,576)	(101,370)	(17,038)
Investment management fees	9	(174)	(1,428)	(1,602)	(2,272)
Net returns on investments		(14,157)	(70,458)	(84,615)	(684)
Net decrease in the funds during the year		(26,609)	(84,913)	(111,522)	(27,334)
Net assets as at 31 March 2008		223,259	592,554	815,813	843,147
Net assets as at 31 March 2009		£196,650	£507,641	£704,291	£815,813

The notes on pages 52 - 63 form part of these financial statements.

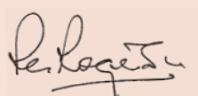
Net Assets Statement

31 March 2009

	Notes	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Investments					
Assets	11	194,922	526,727	721,649	815,885
Liabilities	11	-	(35,711)	(35,711)	(3,925)
Net investments		194,922	491,016	685,938	811,960
Fixed assets	12	-	128	128	149
		194,922	491,144	686,066	812,109
Current assets					
External	13	1,993	17,769	19,762	10,820
Inter-fund balance	13	-	48	48	57
		1,993	17,817	19,810	10,877
Current liabilities					
External	14	217	1,320	1,537	7,116
Inter-fund balance	14	48	-	48	57
		265	1,320	1,585	7,173
Net current assets		1,728	16,497	18,225	3,704
Net assets as at 31 March 2009		£196,650	£507,641	£704,291	£815,813

The financial statements summarise the transactions of the Funds and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of the year. The actuarial position of the Funds, which does take account of such obligations, is dealt with in the Summary Funding Statements and the certificates by the Actuary and these financial statements should be read in conjunction with them.

The financial statements were approved by the Managing Trustees on 3 July 2009



P Rogerson
Trustee



K Potter
Trustee

The notes on pages 52 - 63 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2009

1 Organisation of the funds

The financial statements reflect the Actuary's report dated 22 January 1985 regarding the apportionment of assets between the Closed and Open Funds. This apportionment of the market value of the assets was made on 1 April 1985.

The Closed Fund relates to former employees of discontinued Industrial Training Boards; all employees of continuing Boards whose service ceased before 31 March 1982; and, certain other employees of those Boards whose service ceased before 31 March 1983 and whose membership was specifically agreed with Government.

2 Actuarial valuations

The Trustees have received and adopted the Valuation Report by the Actuary on the Closed Fund as at 31 March 2006 and on the Open Fund as at 31 March 2007.

The Reports on the Closed Fund for 2006 and on the Open Fund for 2007 concluded that the assets in both Funds would be adequate to meet the liabilities on the basis of the assumptions made.

3 Accounting policies

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and substantially within the guidelines set out in the Statement of Recommended Practice (revised May 2007), Financial Reports of Pension Schemes (the "revised SORP").

a) Basis of preparation

These financial statements have been prepared on an accruals basis, that is, income and expenditure is recognised as it is earned or incurred, not as it is received or paid.

b) Valuation of investment assets

All investments are valued at their market value at 31 March 2009 determined as follows:

- i) Listed securities are valued at last traded price or bid-market price ruling at the balance sheet date.
- ii) Pooled investment vehicles are stated at the bid-point of the latest prices quoted by the managers prior to 31 March 2009.
- iii) Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the balance sheet date.
- iv) Properties were valued by Fletcher King, Property Asset Managers, at 31 March 2009, in accordance with the definition of open market value as defined in Practice Statement 4 of the Royal Institute of Chartered Surveyors' appraisal and valuation manual.
- v) Forward contracts are valued at amounts that assume settlement at the spot rates ruling on 31 March 2009.
- vi) Exchange traded derivatives are stated at market values determined using market quoted prices.
- vii) Over the counter derivatives are stated at market value using pricing models and relevant market data as at the year end date.

c) Contribution income

Contributions relating to wages and salaries earned up to 31 March 2009 have been included in these financial statements.

Augmentation costs represent amounts paid by employers to improve the benefits of certain employees and these are due to the Open Fund from the relevant participating employers.

The employer's buy-out contribution in 2008 represents those costs charged by the Funds to Automotive Skills Limited to secure its exit from the scheme.

d) Investment income

Dividend income and interest on Government stocks have been recognised on the ex-dividend date. Rents and interest income are recognised on a receivable basis.

e) Foreign income

Foreign income has been translated into sterling at the rate ruling at the date of the transactions. Income due at the year end is translated at the rate ruling at 31 March 2009. All differences are taken to the Fund accounts.

f) Benefits payable

Benefits payable include all valid benefit claims notified to the Trustees during the financial year.

g) Transfers receivable

Transfers receivable represent payments to the Open Fund from the separate

money purchase schemes (see note 16). Amounts received into the schemes are paid out as part of a member's lump sum retirement benefit. Transfers are only taken into account where benefits are payable before 31 March 2009. Transfers from other pension funds are not currently accepted into the scheme.

h) Withdrawal benefits

Transfers payable relate to those early leavers whose transfers have been agreed by the Trustees during the year. Included under withdrawal benefits are accruals of contributions and interest in respect of members who left the Funds on or before 31 March 2009 and who were entitled to a refund of these.

i) Fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

- Furniture - 10% per annum
- Equipment - 20% per annum

4 Contributions receivable

Contributions receivable by the Scheme during the year ended 31 March 2009, including amounts outstanding at the year end (see note 13), were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).

5 Transfers in

	2009 £'000	2008 £'000
Individual transfers from Money Purchase Schemes (see note 16)	180	120

6 Retirement and death benefits

	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Retirement benefits				
Lump sums	203	2,485	2,688	2,978
Members' pensions	8,477	18,492	26,969	26,171
Total retirement benefits	8,680	20,977	29,657	29,149
Death benefits				
Lump sums	4	171	175	223
Dependants' pensions	3,195	2,116	5,311	4,995
Total death benefits	3,199	2,287	5,486	5,218
	£11,879	£23,264	£35,143	£34,367
2008	£11,922	£22,445		

7 Administration costs

	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
General administration				
Employment costs	224	366	590	570
Office accommodation	38	60	98	98
General expenses	115	176	291	365
Trustees' honoraria	10	10	20	20
	387	612	999	1,053
Professional services				
Auditor's fees	14	23	37	37
Legal and professional services	19	214	233	163
Investment consultancy	54	104	158	213
Actuarial services	53	176	229	297
Other	4	30	34	26
	£531	£1,159	£1,690	£1,789
2008	£500	£1,289		

During the year £14,405 (2008 - £53,210) of actuarial fees and £1,678 (2008 - £5,355) of legal fees were charged to the employers' surplus pots and are included in augmentation costs in note 17.

8 Investment income

	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Income from fixed interest securities	-	6,469	6,469	5,579
Dividends from equities and convertibles	24	-	24	1,348
Income from index linked securities	3,333	744	4,077	4,173
Income from pooled investment vehicles	8	1,718	1,726	1,732
Net rents from properties	-	4,317	4,317	4,318
Interest on cash deposits	446	1,298	1,744	1,476
	£3,811	£14,546	£18,357	£18,626
2008	£5,558	£13,068		

9 Investment managers' fees

Under the powers given to them under the scheme rules, the Trustees delegate most investment management to external investment managers; the exception being the index linked gilt stock in the Closed Fund. The non-property investments were managed during the year by the following managers: Barclays Global Investors Limited, BNP Paribas, Fidelity Pensions Management Limited, Henderson Global Investors Limited, Morley Fund Management Limited, Schroders Investment Management Limited, Barclays Capital, Insight Investment AXA Rosenberg, Wegelin & Co., Longview Partners LP, Investec Asset Management and BNY Mellon Asset Management all of which are registered in the UK with the exception of Wegelin & Co, who are registered in Switzerland.

The remuneration of these managers, with the exception of BNP Paribas and Barclays Capital, whose remuneration is included within the terms of their agreements and are therefore, not explicit, is calculated as a variable percentage of the market value of the assets under management. Performance fees are payable to certain managers if pre-determined performance targets are met. Properties are managed by Fletcher King who are remunerated on a fixed percentage of the market value of properties under management, with additional fees in respect of property purchases, sales, rent reviews and rental income.

10 Taxation

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004.

Due to a change in pension legislation no tax is payable by the Open or Closed Funds for the year or future periods.

11 Investments

	Closed fund valuation 2009 £'000	Closed fund cost 2009 £'000	Open fund valuation 2009 £'000
Fixed-interest securities			
Public sector	-	-	44,013
Other	-	-	48,259
Equities			
UK equities	-	144	-
Index-linked securities			
Public sector	160,796	102,352	100,235
UK other	-	-	25,967
Pooled investment vehicles			
Fixed interest	-	-	-
UK equities	11,714	17,548	37,378
Overseas equities	14,293	21,604	114,031
Diversified	6,826	7,089	29,949
Commercial property	-	-	12,390
Derivative assets	-	-	36,518
Commercial property			
Freehold	-	-	37,650
Long leasehold	-	-	15,075
Bank deposits & loan notes	1,293	1,293	25,262
Investment assets	194,922	150,030	526,727
Derivative liabilities	-	-	(35,711)
Net investments at 31 March 2009	£194,922	£150,030	£491,016
March 2008:			
Investment assets	222,338	143,790	593,547
Derivative liabilities	-	-	(3,925)
Net investments at 31 March 2008	£222,338	£143,790	£589,622

- Basis of valuation - as set out in note 3 b).
- Commercial properties are mainly retail and office premises with rent review periods of five years.

Open fund cost 2009 £'000	Combined fund valuation 2009 £'000	Combined fund cost 2009 £'000	Combined fund valuation 2008 £'000	Combined fund cost 2008 £'000
44,682	44,013	44,682	95,258	93,239
56,721	48,259	56,721	43,542	45,631
504	-	648	38,284	33,849
97,428	261,031	199,780	186,757	119,258
32,867	25,967	32,867	27,094	30,232
-	-	-	6,846	5,888
57,260	49,092	74,808	52,925	56,236
154,230	128,324	175,834	188,155	176,634
43,075	36,775	50,164	53,562	54,982
15,949	12,390	15,949	10,134	10,865
22,671	36,518	22,671	11,998	1,753
44,672	37,650	44,672	58,480	44,672
9,561	15,075	9,561	14,660	9,561
25,867	26,555	27,160	28,190	28,168
605,487	721,649	755,517	815,885	710,968
(25,844)	(35,711)	(25,844)	(3,925)	(1,394)
£579,643	£685,938	£729,673	£811,960	£709,574
567,178	815,885	710,968		
(1,394)	(3,925)	(1,394)		
£565,784	£811,960	£709,574		

11 Investments (continued)

The movements in investments during the year were:	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Market value at 1 April 2008	222,338	589,622	811,960	840,018
Purchases at cost and derivative payments				
Fixed interest	-	217,636	217,636	
Index linked	38,789	153,237	192,026	
Pooled investment vehicles	61,223	31,265	92,488	
Derivatives	-	2,435	2,435	
Bank deposits and loan notes	-	8,705	8,705	
	100,012	413,278	513,290	663,236
Sales proceeds and derivative receipts				
Fixed interest	-	(256,154)	(256,154)	
Index linked	(16,361)	(93,851)	(110,212)	
Equities	(40,156)	-	(40,156)	
Pooled investment vehicles	(43,744)	(37,893)	(81,637)	
Derivatives	-	(39,886)	(39,886)	
Bank deposits and loan notes	(9,373)	(524)	(9,897)	
	(109,634)	(428,308)	(537,942)	(674,256)
Change in market value of investments	(17,794)	(83,576)	(101,370)	(17,038)
Market value at 31 March 2009	£194,922	£491,016	£685,938	£811,960
Change in market value of investments comprises:				
	£'000	£'000	£'000	£'000
Profit on realisation of investments	15,862	33,684	49,546	66,465
(Loss) / profit on foreign currency transactions	-	(4,795)	(4,795)	(4,528)
	15,862	28,889	44,751	61,937
Movements in unrealised profits	(33,656)	(112,465)	(146,121)	(78,975)
	£(17,794)	£(83,576)	£(101,370)	£(17,038)
2008	£9,360	£(26,398)		

11 Investments (continued)

There are no transaction costs included within the above purchases and sales figures (2008 - £59,992 on the Open Fund and £50,726 on the Closed Fund). Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

The ITB Pension Funds' assets are invested in accordance with the Occupational Pension Schemes (Investment) Regulation 1996. The Funds do not invest in any of the Participating Employers' businesses.

At 31 March 2009 there are no investments in which more than 5% of the total value of the net assets of the Funds are invested (2008 - £30,030,000 was invested in AXA Rosenberg Global 130/30 LS Fund).

No investment represents more than 3% of the share capital of the company concerned.

Derivatives

The Trustees hold derivatives in accordance with their Statement of Investment Principles and use them to reduce the effect on the scheme of interest rate, inflation and foreign exchange fluctuations.

The scheme had open swaps at the year end summarised as follows:

Type	Base	Settlement	Asset value £'000	Liability value £'000
Interest rate	3 month LIBOR	2009 – 2059	1,230,858	11,775,241
Retail price index ("RPI")	UK RPI	2010 – 2059	3,861,789	625,467
Liability driven	UK RPI	2009 – 2058	8,100,376	322,275

The counterparties for all the swaps are banks. At 31 March 2009 the Funds had pledged collateral of £2,116,836 in a mixture of cash and UK gilts. The initial and variation margin amounts at 31 March 2009 were £9,789 and £364,391 respectively, and are included in bank deposits above.

The Scheme had open futures at the year end summarised as follows:

Type	Cost £'000	Market value £'000
Fixed income	23,508,258	22,901,473

The futures are all exactly matched by future offsets which are included in investment liabilities.

The scheme had open foreign exchange contracts at the year end summarised as follows:

Settlement	Buy	Sell	Asset value £'000	Liability value £'000
April / May 2009	£8,391,786	EUR9,043,000	59,803	43,446
May 2009	£18,578,608	\$26,173,000	363,894	43,389

12 Fixed assets

	Cost £'000	Depreciation £'000
Balance at 1 April 2008	568	419
Additions	35	-
Depreciation charge	-	56
Balance at 31 March 2009	603	475
Net book value: 31 March 2009	£128	
31 March 2008	£149	

13 Current assets

	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Bank balances	310	13,430	13,740	1,015
Debtors:				
Amounts due from employers				
Employers' contributions	-	591	591	892
Employees' contributions	-	255	255	248
Amounts due from brokers	840	-	840	4,881
Investment revenue receivable	840	3,365	4,205	3,556
Income tax receivable	-	1	1	1
Sundry debtors	3	127	130	227
External current assets	1,993	17,769	£19,762	£10,820
Inter-fund balance	-	48		
Individual funds' current assets 2009	£1,993	£17,817		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31 March 2008:			
External current assets	1,275	9,545	£10,820
Inter-fund balance	-	57	
Individual funds' current assets 2008	£1,275	£9,602	

Amounts due from employers in respect of contributions, which relate to March 2009, were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

14 Current liabilities

	Closed fund 2009 £'000	Open fund 2009 £'000	Combined fund 2009 £'000	Combined fund 2008 £'000
Withdrawal benefits:				
Transfers and contribution refunds	-	33	33	-
Amounts due to brokers	-	348	348	5,539
Sundry creditors	217	939	1,156	1,577
External current liabilities	217	1,320	£1,537	£7,116
Inter-fund balance	48	-		
Individual funds' current liabilities 2009	£265	£1,320		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31 March 2008:			
External current liabilities	297	6,819	£7,116
Inter-fund balance	57	-	
Individual funds' current liabilities 2008	£354	£6,819	

15 Member credited service

Additional voluntary contributions (AVCs) made during the financial year to purchase added years under the principal scheme of £94,044 (2008 - £90,240) are shown in the income of the Open Fund and the assets acquired with the AVCs are included in the net assets statement.

16 Money purchase schemes

Additional Voluntary Contributions (AVCs) are receivable for separate investment for the benefit of individual Members. The Scheme's AVC arrangements are operated by Scottish Life Assurance Company (SLAC) and the Prudential Assurance Company (PAC) which includes a selection of unit linked investment funds.

The individual Members receive details of their investments directly from the insurance company concerned and the investment and income are not treated as part of the Open Fund's assets and income as shown in the financial statements.

On retirement Members may use the money purchase investments they may have accumulated under the Scheme's AVC arrangements to provide a cash lump sum at retirement. This sum would be tax-free under current legislation and subject to certain limits. Such transfers from the Scheme's AVC arrangements are included in individual transfers from Money Purchase Schemes (see note 5). There is also an 'Open Market Option' available to members where they may use their accumulated AVC funds to purchase an annuity with an insurer of their choosing.

All administration provided by the ITB Pension Funds does not incur any cost for Money Purchase members.

The amounts involved during the year are as follows:	Prudential 2009 £'000	Scottish Life 2009 £'000	Prudential 2008 £'000	Scottish Life 2008 £'000
Funds as at 1 April 2008	1,123	563	982	663
Members' AVC contributions	156	16	135	18
Transfers into Prudential from Scottish Life	-	-	68	(68)
Interest credited by SLAC	-	7	-	18
Interest and bonuses credited by PAC	16	-	19	-
Change in market value of units	(138)	-	(27)	-
	1,157	586	1,177	631
Transfers out (including to main fund)	(129)	(51)	(54)	(68)
Funds at 31 March 2009	£1,028	£535	£1,123	£563

Monies invested with SLAC are invested in the Scottish Life Deposit Administration Fund.

Monies invested with PAC are invested in any of the following funds at the discretion of the Member concerned:

- With Profits
- Deposit
- Aberdeen Life Balanced
- Overseas Equity (Passive)
- UK Equity (Passive)
- Fixed Interest
- Socially Responsible
- Retirement Protection

17 Utilisation of the Actuarial Surplus of the Open Fund

The terms of the agreement between the Trustees and the Employers on the way the 1998 surplus should be dealt with resulted in an amount being allocated to individual Employers but retained within the Fund in earmarked pots. These pots are revalued annually in line with the return on the Fund. The Employers are able to use these amounts to reduce their contributions below that of members and/or grant further benefit improvements to their own employees.

Under this arrangement the following amounts otherwise receivable by the Trustees have been charged to the surplus funds allocated to the Employers:

	2009 £'000	2008 £'000
Members' contributions	51	29
Employers' contributions	2,468	2,777
Augmentation costs	16	185

These charges are to the Employer's surplus allocations and no monies are paid. The amounts quoted are an allocation of the actuarial surplus, not of financial assets and they do not therefore appear elsewhere in these financial statements. In addition certain expenses incurred by the Funds are charged against Employer surplus amounts and are included in augmentation costs noted above (see note 7).

Supplementary Information

Internal Dispute Resolution

The Pensions Act 1995 (as amended by the Pensions Act 2004) requires that all pension schemes have a formal internal dispute resolution procedure in place allowing members, prospective members, beneficiaries and contingent beneficiaries an avenue for complaint.

It is hoped that members and beneficiaries will always be pleased with the service provided by the ITB Pension Funds' Office and that no-one has reason to complain. However, in the unlikely event that a complaint arises and a member of the Funds' staff fails to provide a satisfactory answer, then a copy of the formal internal dispute resolution procedure is available upon request from: The Director, The ITB Pension Funds, 23 King Street, Watford WD18 0BJ.

The Pensions Advisory Service (TPAS)

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions covering State, occupational, personal and stakeholder schemes.

TPAS is commonly used by members and beneficiaries to help resolve a pensions query or any difficulty which they have failed to resolve with the trustees of their pension scheme, which may be before or during an official dispute procedure.

Address: 11 Belgrave Road, London SW1V 1RB

Website: www.pensionsadvisoryservice.org.uk

Telephone: 0845 601 2923

The Pensions Ombudsman

If you are unable to resolve your dispute using the internal dispute resolution procedure, and normally only after having sought the assistance of TPAS, an application can be made to the Pensions Ombudsman for adjudication.

The Pensions Ombudsman's role and powers have been decided by Parliament, and he is appointed by the Secretary of State for Work

and Pensions. He is completely independent and is available to investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme. He does not charge for his services.

The Pensions Ombudsman's decision is final and binding on all the parties to the complaint or dispute. It can be enforced in the Courts. His decision can only be changed by appealing to the appropriate court on a point of law.

Address: 11 Belgrave Road, London SW1V 1RB

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. Under the Pensions Act 2004, the Pensions Regulator's objectives are to protect the benefits of members, promote good administration and to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund. The Pensions Regulator can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Address: Napier House, Trafalgar Place, Brighton BN1 4DW

Website: www.thepensionsregulator.gov.uk

The Pension Protection Fund

The Pension Protection Fund was set up under the provisions of the Pensions Act 2004 in April 2005 and is classified as a public financial corporation. It was established to pay regular compensation to members of eligible defined benefit schemes when there has been a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund is also responsible for the Fraud Compensation Fund - a fund that will provide compensation to occupational pension schemes that suffer a loss that can be attributable to dishonesty.

Address: Pension Protection Fund, Knollys House,
17 Addiscombe Road, Croydon, Surrey CR0 6SR

Website: www.pensionprotectionfund.org.uk

Email: information@ppf.gsi.gov.uk

Telephone: 0845 600 2541

Pension Tracing Service

If you think you may have an old pension, but are not sure of the details, contact the Pension Tracing Service. The Service (part of the Department for Work and Pensions) has access to a database of over 200,000 pension schemes and can be used, free of charge, to search for a scheme.

Address: Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne NE98 1BA

Website: www.thepensionservice.gov.uk (part of the Pension Service website)

Telephone: 0845 6002 537

HM Revenue & Customs Registration

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 (HM Revenue & Customs Reference No. SF49/1669).

Keeping us Informed

Please ensure that you keep the Trustees of the ITB Pension Funds advised of any change of address. You can do this by writing to the Funds' Office or using the Funds' website www.myitb.com.

Contact

The ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ

E-mail: pensions@itb-online.co.uk

Websites: www.itb-online.co.uk and www.myitb.com



The ITB Pension Funds

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Wafford
Herts, WD18 0BJ

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